CAPITAL CITIES ABC INC /NY/ C 102000

CAPITAL CITIES BROADCASTING CORP /FMR **10-K**

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1991.

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________.

Commission file number 1-4278

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Capital Cities/ABC, Inc.

(Exact name of registrant as specified in its charter)

New York	**14-1284013**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
77 West 66th Street, New York, N.Y.	**10023-6298**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (212) 456-7777

Securities registered pursuant to Section 12(b) of the Act:

(Title of each class)	**(Name of each exchange on which registered)**
Common Stock, $1.00 par value	New York Stock Exchange Pacific Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes **X** No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant is $5,925,000,000 as of February 28, 1992.

The number of shares outstanding of the issuer's common stock as of February 28, 1992: 16,640,844 shares, excluding 1,752,652 treasury shares.

Portions of Part I are incorporated herein by reference to the 1991 Annual Report to Shareholders and the definitive Proxy Statement for the annual meeting of shareholders to be held on May 5, 1992.

Part II and Part IV, with the exception of certain schedules and exhibits, are incorporated herein by reference to the 1991 Annual Report to Shareholders.

Part III is incorporated herein by reference to the definitive Proxy Statement for the annual meeting of shareholders to be held on May 5, 1992.

PART I

Item 1. *Business.*

Capital Cities/ABC, Inc. or through its subsidiaries (the "Company") operates the ABC Television Network, eight television stations, the ABC Radio Networks and 21 radio stations, and provide programming for cable television. The Company also publishes daily and weekly newspapers, shopping guides, various specialized and business periodicals, books and records, provides research services and also distributes information from data bases.

Employees

At December 31, 1991, the Company had approximately 19,650 full-time equivalent employees: 10,150 in broadcasting operations, 9,250 in publishing operations and 250 in corporate activities.

Industry Segments

Information relating to the industry segments of the Company's operations is included on page 35 of the Company's Annual Report to Shareholders and is hereby incorporated by reference. In 1991, the Company derived approximately 90% and 65% of its broadcasting and publishing revenues, respectively, from the sale of advertising. The remainder of the broadcasting revenues are principally derived from subscriber-related fees and programming distribution activities. The balance of publishing revenues are derived from subscription and other circulation receipts and the sale of books and records.

Broadcasting

Television and Radio Networks

The Company operates the ABC Television Network which as of December 31, 1991, had 230 primary affiliated stations reaching 99.9% of all U.S. television households. A number of secondary affiliated stations add to the primary coverage. The ABC Television Network has a program schedule consisting of Monday through Friday Early Morning, Daytime and Late Night, Monday through Sunday Prime Time and News, as well as Children's programs and Sports, which are largely weekend. The Company also operates the ABC Radio Networks which served a total of approximately 3,265 affiliates as of December 31, 1991 through eight different program services, each with its own group of affiliated stations. The ABC Radio Networks also produce and distribute a number of radio program series for radio stations nationwide.

Generally, the Company pays the cost of producing or purchasing the broadcast rights for its network programming and pays varying amounts of compensation to its affiliated stations for broadcasting the programs and commercial announcements included therein. Substantially all revenues from network operations are derived from the sale to advertisers of time in network programs for commercial announcements. The ability to sell time for commercial announcements and the rates received are dependent on the quantitative and qualitative audience that the network can deliver to the advertiser.

Television and Radio Stations

The Company owns seven very high frequency (VHF) television stations, one ultra high frequency (UHF) television station, eleven standard (AM) radio stations and ten frequency modulation (FM) radio stations. All television stations are affiliated with the ABC Television Network and all radio stations, except as noted, are affiliated with the ABC Radio Networks. Markets, frequencies and other station details are set forth in the following tables:

Television stations

Station and market	Channel	Expiration date of FCC authorization	Television market ranking(1)
WABC-TV (New York, NY)	7	June 1, 1994	1
KABC-TV (Los Angeles, CA)	7	Dec. 1, 1993	2
WLS-TV (Chicago, IL)	7	Dec. 1, 1992	3
WPVI-TV (Philadelphia, PA)	6	Aug. 1, 1994	4
KGO-TV (San Francisco, CA)	7	Dec. 1, 1993	5
KTRK-TV (Houston, TX)	13	Aug. 1, 1993	10
WTVD (Durham-Raleigh, NC)	11	Dec. 1, 1996	32
KFSN-TV (Fresno, CA)	30	Dec. 1, 1993	59

Radio stations

Station and market	Frequency AM-Kilohertz FM-Megahertz	Expiration date of FCC authorization	Radio market ranking(4)
WABC (New York, NY)	770 K	June 1, 1998	1
KABC (Los Angeles, CA)	790 K	(2)	2
WLS (Chicago, IL)	890 K	Dec. 1, 1996	3
KGO (San Francisco, CA)	810 K	Dec. 1, 1997	4
WJR (Detroit, MI)	760 K	Oct. 1, 1996	6
WMAL (Washington, D.C.)	630 K	Oct. 1, 1995	7
WBAP (Fort Worth-Dallas, TX)	820 K	Aug. 1, 1997	8
WKHX (Atlanta, GA) (3)	590 K	Apr. 1, 1996	12
KQRS (Minneapolis-St.Paul, MN)	1440 K	Apr. 1, 1997	17
KRXY (Denver, CO)	1600 K	Apr. 1, 1997	24
WPRO (Providence, RI)	630 K	Apr. 1, 1998	29
WPLJ(FM) (New York, NY)	95.5 M	June 1, 1998	1
KLOS(FM) (Los Angeles, CA)	95.5 M	(2)	2
WLS-FM (Chicago, IL)	94.7 M	Dec. 1, 1996	3
WHYT(FM) (Detroit, MI)	96.3 M	Oct. 1, 1996	6
WRQX(FM) (Washington, D.C.)	107.3 M	Oct. 1, 1995	7
KSCS(FM) (Fort Worth-Dallas, TX) (3)	96.3 M	Aug. 1, 1997	8
WKHX-FM (Atlanta, GA) (3)	101.5 M	Apr. 1, 1996	12
KQRS-FM (Minneapolis-St. Paul, MN)	92.5 M	(2)	17
KRXY-FM (Denver, CO)	107.5 M	Apr. 1, 1997	24
WPRO-FM (Providence, RI)	92.3 M	Apr. 1, 1998	29

(1) Based on Nielsen Television Universe Estimates Summary, 1991-1992 season.
(2) See "Licenses—Federal Regulation of Broadcasting/Renewal Matters" below for description of pending license renewal applications and other matters.
(3) No ABC network affiliation.
(4) Based on Arbitron Radio Market Survey Schedule and Population Rankings (metro survey area) as of Fall 1991.

Video Enterprises

The Company's Video Enterprises operations are largely involved in the production and supply of cable television programming, in the licensing of programming to domestic and international home video markets and television stations abroad and investment in foreign-based television and theatrical film production/distribution entities. Its primary services and household reach are:

ESPN, an 80%-owned cable sports programming service reaching 58,900,000 households. It owns 50% of the European Television Networks, which owns The European Sports Network, a London, England based Pan European cable and direct-to-home sports programming service with affiliates in France, Germany and The Netherlands reaching 27,000,000 households;

The Arts & Entertainment Network, a cable programming service devoted to cultural and entertainment programming reaching 51,000,000 households, which is 33 1/3%-owned;

Lifetime, a cable programming service devoted to women's lifestyle and health programming with special material for health care professionals reaching 53,500,000 households, which is 33 1/3%-owned;

Tele-Munchen GmbH, a Munich, Germany based television and theatrical production/distribution company with interests in cinemas and minority interests in a Munich radio station and a German cable/television program service, which is 50%-owned; and

Hamster Productions, S.A. and Tesauro, S.A., respectively, a Paris, France and a Madrid, Spain based television and theatrical production/distribution company, each of which is 25%-owned.

Competition

The ABC Television Network competes for viewers with the other television networks, independent television stations and other video media such as cable television, multipoint distribution services, satellite television program services and video cassettes; in the sale of advertising time, it competes with the other television networks, independent television stations, suppliers of cable television programs, and other advertising media such as newspapers, magazines and billboards. Substantial competition also exists for exclusive broadcasting rights for television programming. The ABC Radio Networks likewise compete with other radio networks and radio programming services, independent radio stations, and other advertising media.

The Company's television and radio stations are in competition with other television and radio stations, cable television systems, multipoint distribution services and other advertising media such as newspapers, magazines and billboards. Such competition occurs primarily in individual market areas. Generally, a television station in one market does not compete directly with other stations in other market areas. Nor does a group of stations, such as those owned by the Company, compete with any other group of stations as such. While the pattern of competition in the radio station industry is basically the same, it is not uncommon for radio stations outside of a market area to place a signal of sufficient strength within that area (particularly during nighttime hours) to gain a share of the audience. However, they generally do not gain a significant share of the advertising marketplace.

In addition to management and experience, factors which are material to competitive position include authorized power allowance, assigned frequency, network affiliation, and local program acceptance, as well as strength of local competition.

The most common sources of television service other than conventional television stations are cable television systems. Cable television can provide more competition for a station by making additional signals available to its audience. In addition, most cable television systems supply programming that is not available on conventional television stations. These include a wide range of advertiser-supported and subscription-supported video programming services. Subscription-supported video programming services are also provided by multipoint distribution services ("MDS") which employ non-broadcast frequencies to transmit subscription television services to individual homes and businesses. Additional services are being provided by low power television stations and by direct satellite-to-home transmissions. Finally, the increased in-home use of video cassette recorders and players provides what is, in effect, an alternative television service.

The Company's Video Enterprises operations compete with a number of companies involved in developing and supplying program services for cable, distribution of video cassettes, television syndication and theatrical distribution, and with conventional television broadcasters. The development of these businesses could adversely affect the future of conventional television broadcasting.

Technological developments have created the possibility that one or more of the television services with which the ABC Television Network and the Company's stations compete will provide enhanced or "high definition" pictures and sound of a quality that is technically superior to that which is currently available to consumers. It is not yet clear when and to what extent technology of this kind will be available in the various television services, whether and how television stations will be able to avail themselves of these improvements, or whether the viewing public will make choices among services on the basis of such differences. The Federal Communications Commission (the "FCC") has initiated proceedings looking toward the adoption of a standard for the use of high definition technology for television service in the United States.

There is also a new radio technology known as "digital audio" which could result in additional competition to the Company's radio stations and radio networks. Digital audio is capable of providing "compact disk" quality, a quality much higher than can now be provided by existing AM and FM broadcasting services. It is not yet clear when and to what extent existing radio stations and networks will be able to avail themselves of this new technology and whether the listening public will make choices among services on the basis of the difference in audio quality. The Company and many others within the radio industry are studying this new technology, and the FCC has initiated a proceeding to seek information to assist it in developing technical standards and regulatory policies for the possible introduction of such new digital audio radio services.

Licenses—Federal Regulation of Broadcasting

Television and radio broadcasting are subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the "Communications Act"). The Communications Act empowers the FCC, among other things, to issue, revoke or modify broadcasting licenses, determine the location of stations, regulate the equipment used by stations, adopt such regulations as may be necessary to carry out the provisions of the Communications Act and impose certain penalties for violation of its regulations.

Renewal Matters

Broadcasting licenses are granted for a maximum period of seven years, in the case of radio stations, and five years, in the case of television stations, and are renewable upon application therefor. During certain periods when a renewal application is pending, other applicants may file for the frequency and may be entitled to compete with the renewal applicant in a comparative hearing, and others may file petitions to deny the application for renewal of license. Renewal applications are now pending for KABC(AM), KLOS-FM and KQRS-FM. The time to file competing applications and petitions to deny has passed, and no such filings have been made against these stations. All of the Company's other owned stations have been granted license renewals by the FCC for regular terms except for KQRS-FM. Action on previous KQRS-FM renewal applications has been delayed pending the outcome of a long-standing dispute involving the technical facilities of several of the FM stations in the KQRS-FM market. The dispute among the parties has now been resolved, and the FCC is expected to act on this matter shortly.

Ownership Matters

The Communications Act prohibits the assignment of a license or the transfer of control of a licensee without prior approval of the FCC, and prohibits the Company from having any officer or director who is an alien, and from having more than one-fifth of its stock owned by aliens or representatives of aliens or foreign governments.

The FCC's "multiple ownership" rules provide that a license for a television station will not be granted if the applicant owns, or has a significant interest in, another television station which provides service to areas already served by the station operated or controlled by the applicant or if granting the license would result in a concentration of control of broadcasting. A more narrowly defined restriction applies to common ownership of two or more radio stations of the same type (AM or FM) in the same area. Those rules also preclude the grant of applications for station acquisitions which would result in the creation of new radio-television combinations in the same market under common ownership, or the sale of such a combination to a single party, subject to the availability of waiver. Under FCC policy, waiver applications that involve radio-television station combinations in the top 25 TV markets where there would be at least 30 separately owned, operated and controlled broadcast licensees after the proposed combination will generally be favorably received. Under present FCC rules, a single entity may directly or indirectly own, operate or have a significant interest in up to twelve AM and twelve FM radio stations, and up to twelve television stations (VHF or UHF), provided that those television stations operate in markets containing cumulatively no more than 25% of the television households in the country. For this purpose, ownership of a UHF station will result in the attribution of only 50% of the television households in the relevant market. The Company owns eight television stations, of which seven are VHF, resulting in a total penetration of the nation's television households, for purposes of the multiple ownership rules, of 23.84%. The Company also owns eleven AM and ten FM radio stations.

Furthermore, under the FCC's rules, radio and/or television licensees may not acquire new ownership interests in daily newspapers published in the same markets served by their broadcast stations; television licensees may not own cable television systems in communities within the service contours of their television stations; and a television network owner may not own a cable system. The Company presently owns daily newspapers in two markets in which it also holds radio licenses. For purposes of these rules, *The Oakland Press* and WJR(AM) and WHYT-FM, licensed to Detroit, are treated as in the same market, as are the *Fort Worth Star-Telegram* and WBAP(AM) and KSCS-FM, licensed to Fort Worth. Although these holdings are "grandfathered," under the rules these commonly owned broadcast/newspaper combinations could not be transferred together.

The FCC's rules generally provide that an entity will have the licensee's broadcast stations or newspapers attributed to it for purposes of the multiple ownership rules only if it holds the power to vote or control the vote of 5% or more of the stock of a licensee. Qualifying mutual funds, insurance companies, or bank trust departments may vote or control the vote of up to 10% of the stock of a broadcast licensee before the licensee's stations would be attributed to that entity.

Network Regulations

The Company as well as CBS Inc. and the National Broadcasting Company, Inc. (NBC) are currently subject to FCC rules that restrict their ability to acquire financial interests in television programs or engage in program syndication. During 1990 and 1991, the FCC conducted a rulemaking proceeding examining whether to repeal, retain or modify these rules. In 1991, the FCC decided to modify rather than eliminate the rules. The Company as well as CBS and NBC and others have appealed the FCC's decision. The case is before the United States Court of Appeals for the Seventh Circuit. The Company's position is that the rules should be eliminated. The Company is not able to predict the outcome of this proceeding. In addition, other FCC rules essentially restrict the regular prime-time programming schedules of ABC, CBS and NBC to three hours per night during the period 7:00 P.M. to 11:00 P.M.

The Company's television network operations are subject to a consent decree (United States v. American Broadcasting Companies, Inc., 74-3600-RJK), in the United States District Court for the Central District of California, entered into and effective on November 14, 1980. The consent decree contains provisions which prohibit the acquisition of subsidiary rights and interests in television programs produced by independent suppliers and restrict the Company's ability to engage in the business of distributing programs directly to television stations in the United States or overseas. These injunctive provisions of the consent judgment continue in perpetuity. In addition, the consent judgment contains provisions regulating for a period expiring in 1995 certain aspects of the Company's contractual relationships with suppliers of entertainment programming and with talent performers and other creative contributors to ABC Television Network entertainment programming. Similar judgments have been entered against CBS and NBC with respect to their television networks. The Company and CBS and NBC have asked the United States Department of Justice to join them in asking the U.S. District Court to eliminate the provisions of the consent decree relating to the acquisition of rights in or distribution of television programs. The Department of Justice has not yet responded to this request.

In 1991, the FCC initiated a proceeding to consider repeal or modification of its rule prohibiting networks from owning cable systems. The Company has favored modification of this rule so that it could seek to re-enter the cable system business. The Company cannot predict the outcome of this proceeding.

Cable Television and Other Competing Services

As previously noted (see "Competition" above), cable television can provide more competition to a television station by making additional signals available to the audience. In 1987, for the second time, the United States Court of Appeals for the District of Columbia Circuit ruled unconstitutional the FCC's "must carry" rules which required cable television systems generally to carry the signals of television stations in whose service areas they operate. The ruling became final in 1988 when the Supreme Court declined to hear the case. In 1991, legislation was proposed in the U.S. Congress that would give television stations the right to elect "must carry" protection over local cable systems. In the alternative, the proposed legislation would permit local stations to withhold their signal from local cable systems. The proposed legislation would also reimpose cable system rate regulation. The proposed legislation also proposes to introduce other measures to facilitate competition with cable systems from MDS and other multi-channel video providers. In addition, in 1991 the FCC made a change in its rules which has the effect of increasing the number of cable systems that are subject to local regulation of their basic cable rates. The FCC also issued a Second Further Notice of Proposed Rulemaking seeking comments on whether the "must carry" rules should be reinstated. The Company is not able to predict the outcome of this proposed legislation and this proceeding; nor can it predict what impact the proposed legislation and/or proceeding could have on its broadcast stations or its cable services. Currently, cable television systems may decline to carry the signals of television stations in their service areas, including the signals of television stations owned by the Company or affiliated with its television network.

Most cable television systems supply additional programming to subscribers that is not originated on, or transmitted from, conventional television broadcasting stations. Many of these services (including ESPN, Arts & Entertainment and Lifetime) are also being distributed directly to viewers by means of satellite transmissions to home satellite reception dishes.

The FCC also authorizes broadcast subscription television services and MDS, and has expanded the number of frequencies available for MDS by allocating two groups of four channels each for the so-called multi-channel MDS, to be awarded by lottery. The FCC has authorized licensees in the Instructional Television Fixed Service to lease their excess capacity for commercial use, including subscription television service and has adopted rules facilitating direct broadcast satellite operations. It has also created a new service of low power television facilities to supplement existing conventional television broadcast service. In 1991, the FCC issued a Notice of Proposed Rulemaking requesting comment on the possibility of adopting rules for a "video dialtone" service for distribution of video programming by telephone companies. The Company cannot predict the competitive effect of these services and potential services.

* * * * *

From time to time legislation may be introduced in Congress which, if enacted, might affect the Company's operations or its advertising revenues. Proceedings, investigations, hearings and studies are periodically conducted by Congressional committees and by the FCC and other government agencies with respect to problems and practices of, and conditions in, the broadcasting industry. The Company cannot generally predict whether new legislation or regulations may result from any such studies or hearings or the adverse impact, if any, upon the Company's operations which might result therefrom.

The information contained under this heading does not purport to be a complete summary of all the provisions of the Communications Act and the rules and regulations of the FCC thereunder, or of pending proposals for other regulation of broadcasting and related activities. For a complete statement of such provisions, reference is made to the Communications Act, and to such rules, regulations and pending proposals thereunder.

Publishing

The Company publishes newspapers and shopping guides, various specialized and business periodicals and books; provides research services and also distributes information from data bases. Following is a summary of the Company's historical operating performance, by type of publication for the last five years (000's omitted):

	1991	1990	1989	1988	1987	Pro Forma (b) 1991	Pro Forma (b) 1990
Inches of advertising							
Newspapers (a)	17,550	18,421	15,844	15,757	16,141	17,168	18,141
Specialized publications	2,921	3,399	3,603	3,729	3,766	2,746	3,088
Advertising revenue							
Newspapers—ROP	$291,592	$307,634	$290,545	$278,789	$270,905	$290,027	$306,397
Newspapers—inserts	51,695	49,800	44,694	43,523	35,997	51,528	49,620
Shopping guides	66,370	65,834	62,111	61,238	60,845	65,493	65,834
Specialized publications	267,974	307,686	310,169	305,665	312,508	253,696	280,540
Circulation revenue							
Newspapers	$ 93,697	$ 85,933	$ 82,582	$ 75,025	$ 70,686	$ 93,350	$ 85,695
Specialized publications	53,024	59,471	65,882	64,311	62,225	46,191	47,204
Other operating revenue							
Newspapers	$ 14,323	$ 10,813	$ 6,635	$ 5,218	$ 4,074	$ 13,937	$ 10,553
Shopping guides	3,589	4,171	4,337	5,024	5,120	3,551	4,171
Specialized publications							
Books/Music	116,708	111,643	108,012	100,909	99,504	114,928	111,643
Research services, data base and other	93,274	98,984	82,438	84,194	84,733	92,066	94,870
Total revenue							
Newspapers	$451,307	$454,180	$424,456	$402,555	$381,662	$448,842	$452,265
Shopping guides	69,959	70,005	66,448	66,262	65,965	69,044	70,005
Specialized publications	530,980	577,784	566,501	555,079	558,970	506,881	534,257
Paid circulation at year-end							
Newspapers (Mon.-Fri.)	741	769	891	908	941	741	769
Newspapers (Sun.)	966	958	930	915	900	966	958
Specialized publications	1,768	2,164	3,256	4,515	4,234	1,239	1,288

(a) Does not include inserts.
(b) Excludes 1991 and 1990 acquisitions, start-ups and disposals.

Daily Newspapers

The Company publishes nine daily newspapers in eight communities (six of which have Sunday editions). The daily newspapers and their paid circulation are as follows:

		Daily	Sunday
The Kansas City Star	Morning	288,000	420,000
Fort Worth Star-Telegram	Morning	159,000	337,000
Fort Worth Star-Telegram	Evening	85,000	
The Oakland Press (Pontiac, MI)	Morning	74,000	82,000
The Times Leader (Wilkes-Barre, PA)	Morning	51,000	60,000
Belleville News-Democrat (Belleville, IL)	Morning	50,000	58,000
Albany Democrat-Herald (Albany, OR)	Evening	21,000	
Milford Citizen (Milford, CT)	Evening	7,000	9,000
The Daily Tidings (Ashland, OR)	Evening	6,000	

Weekly Newspapers

The Company publishes weekly community newspapers in eight states. The location by state, number of publications and aggregate circulation is set forth below:

State	Number of Publications	Aggregate Circulation
Connecticut	29	221,000
Illinois	11	59,000
Massachusetts	18	58,000
Michigan	4	99,000
Nevada	2	21,000
Oregon	6	41,000
Pennsylvania	1	12,000
Rhode Island	3	36,000

Shopping Guides and Real Estate Magazines

The Company distributes shopping guides and real estate magazines in twelve states. The location by state, number of publications and aggregate circulation is set forth below:

State	Number of Publications	Aggregate Circulation
California	5	1,827,000
Connecticut	7	149,000
Kansas	1	145,000
Massachusetts	3	167,000
Michigan	8	135,000
Missouri	1	135,000
Nevada	4	122,000
Oregon	6	249,000
Pennsylvania	2	73,000
Rhode Island	3	59,000
Texas	1	25,000
Washington	4	359,000

Specialized Publications

The Specialized Publications consists of three groups: the Diversified Publishing Group, the Fairchild Fashion and Merchandising Group, and the Financial Services and Medical Group. Through these groups it is engaged in gathering and publishing business news and ideas for industries covered by its various publications; in the publishing of consumer, special interest, trade and agricultural publications; and in research and data base services and inspirational communications. All of the publications are printed by outside printing contractors. Following are the significant publications and services:

Title	Frequency	Circulation
Diversified Publishing Group		
Agricultural Publishing Group		
American Agriculturist	15 times per year	52,000
California Farmer	15 times per year	58,000
Colorado Farmer	15 times per year	18,000
Dairy Herd Management	Monthly	107,000*
Farm Futures	Monthly	210,000*
Farm Store Merchandising	11 times per year	24,000*
Feedstuffs	Weekly	18,000
Hog Farm Management	Monthly	45,000*
Kansas Farmer	15 times per year	51,000
Michigan Farmer	15 times per year	50,000
Missouri Ruralist	15 times per year	62,000
Nebraska Farmer	15 times per year	51,000
Ohio Farmer	15 times per year	82,000
Oklahoma Farmer-Stockman	Monthly	47,000
Pennsylvania Farmer	15 times per year	55,000
Prairie Farmer	15 times per year	142,000
Tack 'n Togs Merchandising	Monthly	21,000*
Texas Farmer-Stockman	Monthly	103,000
Wallaces Farmer	15 times per year	141,000*
Wisconsin Agriculturist	15 times per year	47,000
Chilton Company		
Automotive Body Repair News	Monthly	61,000*
Automotive Industries	Monthly	93,000*
Automotive Marketing	Monthly	24,000*
Commercial Carrier Journal	Monthly	82,000*
Distribution	Monthly	70,000*
Electronic Component News	Monthly	120,000*
Energy User News	Monthly	40,000
Food Engineering North America	Monthly	60,000*
Food Engineering International	6 times per year	14,000*
Hardware Age	Monthly	77,000*
IMPO (Industrial Maintenance & Plant Operations)	Monthly	122,000*
Industrial Safety & Hygiene News	Monthly	60,000*
IAN (Instrumentation & Automation News)	Monthly	117,000

Title	Frequency	Circulation
I&CS (Instrument & Control Systems)	Monthly	89,000*
Jewelers' Circular-Keystone	Monthly	33,000
Motor Age	Monthly	137,000*
Outdoor Power Equipment	Monthly	18,000*
Owner Operator	9 times per year	101,000*
Product Design and Development	Monthly	160,000*
Review of Optometry	Monthly	30,000*
Communications and Commodities Group		
American Metal Market	Daily	11,000
Cablevision	Biweekly	13,000*
CED (Communications Engineering and Design)	Monthly	14,000*
Multichannel News	Weekly	14,000
Video Business	Weekly	44,000*
Hitchcock Publishing Company		
Assembly Engineering	9 times per year	60,000*
Heat Treating	Monthly	21,000*
Industrial Finishing	Monthly	37,000*
Iron Age/Metal Producers	Monthly	22,000*
Manufacturing Systems	Monthly	115,000*
Metal Center News	Monthly	14,000*
Office Products Dealer	Monthly	31,000*
Personal Publishing	Monthly	81,000*
Process Industries Quality	4 times per year	40,000*
Quality	Monthly	96,000*
Los Angeles	Monthly	172,000

Data Base Services

NILS Publishing Company publishes information on insurance laws and regulations.

Inspirational Communications

Word, Incorporated, a diversified religious and inspirational communications company, publishes bibles and other religious and inspirational books and materials; produces and distributes records, tapes, sheet music, song books, films and instructional materials; and duplicates video and audio tapes.

Fairchild Fashion and Merchandising Group

Children's Business	Monthly	15,000*
Daily News Record	Daily	22,000
Footwear News	Weekly	19,000
Golf Pro Merchandiser	6 times per year	12,000*
HFD—The Weekly Home Furnishings Newspaper	Weekly	30,000
Home Fashions Magazine	Monthly	10,000*
M	Monthly	221,000
SportStyle	Biweekly	26,000*
Supermarket News	Weekly	52,000
W	Biweekly	264,000
W Fashion Life	10 times per year	14,000
Women's Wear Daily	Daily	59,000

Title	Frequency	Circulation
Financial Services and Medical Group		
Institutional Investor		
Domestic Edition	Monthly	100,000*
International Edition	Monthly	36,000*
International Medical News Group		
Clinical Psychiatry News	Monthly	31,000*
Family Practice News	Semimonthly	74,000*
Internal Medicine News	Semimonthly	82,000*
Ob. Gyn. News	Semimonthly	31,000*
Pediatric News	Monthly	34,000*
Skin & Allergy News	Monthly	32,000*

*All, or substantially all, controlled circulation.

* * * * * * *

Certain operations within the Publishing Group also publish philatelic magazines, cable guides, books, visuals and newsletters; conduct meetings, seminars and trade shows; and provide syndication, marketing and research services.

Competition

The Company's specialized publications operate in a highly competitive environment. In the Company's various news publishing activities, it competes with almost all other information media, including broadcast media, and this competition may become more intense as communications equipment is improved and new technologies are developed. Many metropolitan general newspapers and small-city or suburban papers carry business news. In addition to special magazines in the fields covered by the Company's specialized publications, competing general interest and consumer magazines and general news magazines publish substantial amounts of similar business material and deal with the same or related special interests or industries as those covered by the Company's publications. Nearly all of these publications seek to sell advertising space, and much of this effort is directly or indirectly competitive with the Company's specialized publications.

The Company's newspapers and shopping guides compete with other advertising media such as broadcasting stations, suburban and metropolitan newspapers, magazines and billboards. The Company's book publishing operations compete with other companies whose books deal with the same or related fields as those covered by the Company's titles. In most cases, there is also competition for acquisition of new book titles. In the religious and inspirational recording field, there is competition with others, not only to obtain the creative talent and music essential to the business, but also in the sale and distribution of the product.

Raw Materials

The primary raw materials used by the Company's Publishing Group are newsprint and other paper stock, which are purchased from paper merchants, paper mills and contract printers and are readily available from numerous suppliers.

Item 2. *Properties.*

The Company's headquarters building at 77 West 66th Street in New York City houses the corporate offices and the television network administrative staff, and is owned by the Company.

The Company owns the ABC Television Center adjacent to the Company's headquarters building on West 66th Street and the ABC Radio Network studios at 125 West End Avenue in New York City. In Los Angeles, the Company owns the ABC Television Center. The Company leases the ABC Television Network offices in Los Angeles, the ABC News Bureau facility in Washington, D.C. and the computer facility in Hackensack, New Jersey under leases expiring on various dates through 2034.

The Company's broadcast operations and engineering facility and local television studios and offices in New York City are leased, but the Company has the right to acquire such properties for a nominal sum in 1997. The Company's 80% owned subsidiary ESPN owns ESPN Plaza in Bristol, Connecticut from which it conducts its technical operations. The Company owns the majority of its other broadcast studios and offices and broadcast transmitter sites elsewhere, and those which it does not own are occupied under leases expiring on various dates through 2039.

The Company owns and leases publishing subsidiaries' executive, editorial and other offices and facilities in various cities. For leased properties, the leases expire on various dates through 2006. All of the significant premises occupied by the newspapers are owned by the Company.

Item 3. *Legal Proceedings.*

All litigation pending during 1991 was routine and incidental to the business of the Company.

Item 4. *Submission of Matters to a Vote of Security Holders.*

The information called for by this item is not applicable.

Executive Officers of the Company

Name	Age	Director since	Officer since	Title
Daniel B. Burke	63	1967	1962	President, Chief Executive Officer, Chief Operating Officer and Director. Prior to 1990 he was President, Chief Operating Officer and Director.
Thomas S. Murphy	66	1957	1958	Chairman of the Board of Directors. Prior to 1990 he was Chairman of the Board of Directors and Chief Executive Officer.
John B. Fairchild	65	1968	1968	Executive Vice President, Chairman of Fairchild Fashion and Merchandising Group, and Director.
John B. Sias	65	1977	1975	Executive Vice President, President of ABC Television Network Group, and Director.
Ronald J. Doerfler	50		1977	Senior Vice President and Chief Financial Officer.
Michael P. Mallardi	58		1986	Senior Vice President, and President of Broadcast Group.
Phillip J. Meek	54		1975	Senior Vice President, and President of Publishing Group.
Stephen A. Weiswasser	51		1986	Senior Vice President, and Executive Vice President, ABC News. From February 1991 to October 1991 he was Senior Vice President, and Executive Vice President, ABC Television Network Group. Prior to February 1991 he was Senior Vice President and General Counsel.
Allan J. Edelson	49		1981	Vice President and Controller.
David J. Vondrak	46		1986	Vice President and Treasurer.
David Westin	39		1991	Vice President and General Counsel. Prior to February 1991 he was engaged in the practice of law as a partner in the law firm of Wilmer, Cutler & Pickering.

There is no relationship by blood, marriage or adoption among the officers. All officers hold office at the pleasure of the Board of Directors.

PART II

Item 5. *Market for the Registrant's Common Stock and Related Security Holder Matters.*

The information called for by this item is included on page 37 of the 1991 Annual Report to Shareholders and is incorporated herein by reference.

Item 6. *Selected Financial Data.*

The information called for by this item is included on pages 24 and 25 of the 1991 Annual Report to Shareholders and is incorporated herein by reference.

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The information called for by this item is included on pages 18 through 23 of the 1991 Annual Report to Shareholders and is incorporated herein by reference.

Item 8. *Financial Statements and Supplementary Data.*

The information called for by this item is included on pages 26 through 38 of the 1991 Annual Report to Shareholders and is incorporated herein by reference.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

The information called for by this item is not applicable.

PART III

Item 10. *Directors and Executive Officers of the Registrant.*

Incorporated herein by reference to the Company's definitive Proxy Statement for the annual meeting of shareholders to be held on May 5, 1992. Information concerning the executive officers is included in Part 1, on page K-14.

Item 11. *Executive Compensation.*

Incorporated herein by reference to the Company's definitive Proxy Statement for the annual meeting of shareholders to be held on May 5, 1992.

Item 12. *Security Ownership of Certain Beneficial Owners and Management.*

Incorporated herein by reference to the Company's definitive Proxy Statement for the annual meeting of shareholders to be held on May 5, 1992.

Item 13. *Certain Relationships and Related Transactions.*

The information called for by this item is not applicable.

PART IV

Item 14. ***Exhibits, Financial Statement Schedules and Reports on Form 8-K.***

(a) 1. Financial statements and financial statement schedules.

The financial statements and schedules listed in the accompanying index to the consolidated financial statements are filed as part of this annual report.

2. Exhibits.

The exhibits listed on the accompanying index to exhibits are filed as part of this annual report.

(b) Reports on Form 8-K.

None filed during Fourth Quarter 1991.

CAPITAL CITIES/ABC,INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES COVERED BY REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

(Item 14(a) 1.)

All other schedules have been omitted since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

* * * * *

The consolidated financial statements of Capital Cities/ABC, Inc., listed in the above index which are included in the Annual Report to Shareholders for the year ended December 31, 1991, are hereby incorporated by reference. With the exception of the Items referred to in Items 1, 5, 6, 7 and 8, the 1991 Annual Report to Shareholders is not to be deemed filed as part of this report.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report on Form 10-K of Capital Cities/ABC, Inc. for the year ended December 31, 1991 of our report dated February 28, 1992, included in the 1991 Annual Report to Shareholders of Capital Cities/ABC, Inc.

We also consent to the addition of the financial statement schedules listed in the accompanying index to consolidated financial statements and financial statement schedules to the financial statements covered by our report dated February 28, 1992 incorporated herein by reference.

We also consent to the incorporation by reference in the Registration Statements Form S-8 No. 2-59014 for the registration of 287,195 shares of the Company's common stock, Form S-8 No. 2-86863 for the registration of 300,000 shares, Form S-8 No. 33-2196 relating to the issuance of an indeterminate number of shares, Form S-8 No. 33-11806 for the registration of 200,000 shares, Form S-8 No. 33-16206 for the registration of 300,000 shares, Form S-8 No. 33-25918 for the registration of 200,000 shares, Form S-8 No. 33-33761 for the registration of 200,000 shares, Form S-3 No. 33-38117 for the registration of Debt Securities and Warrants to purchase Debt Securities and Form S-3 No. 33-39652 for the registration of Debt Securities and Warrants to purchase Debt Securities, and in the related Prospectuses and documents constituting Prospectuses, of our above report.

ERNST & YOUNG

Ernst & Young

New York, New York
March 16, 1992

CAPITAL CITIES/ABC, INC.

INDEX TO EXHIBITS (Item 14 (a) 2.)

(3)(a) Restated Certificate of Incorporation of the Company, with amendments. Incorporated by reference to Exhibit (3)(a) to the Company's Annual Report on Form 10-K for 1989.

(3)(b) Current By-laws of the Company. Incorporated by reference to Exhibit (3) to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 1990.

(4)(a) Capital Cities/ABC, Inc. Standard Multiple-Series Indenture Provisions dated December 7, 1990. Incorporated by reference to Exhibit (4)(a) to Registration Statement No. 33-38117.

(4)(b) Indenture, dated as of December 15, 1990, between the Company and Manufacturers Hanover Trust Company, as Trustee, with respect to Senior Debt Securities. Incorporated by reference to Exhibit (4)(b) to Registration Statement No. 33-38117.

(4)(c) Indenture, dated as of April 1, 1991 between the Company and Manufacturers Hanover Trust Company, as Trustee, with respect to Subordinated Debt Securities. Incorporated by reference to Exhibit (4)(c) to Registration Statement No. 33-39652.

(4)(d) Capital Cities Communications, Inc. Standard Multiple-Series Indenture Provisions dated July 25, 1985. Incorporated by reference to Exhibit (4)(a) to Registration Statement No. 2-99204.

(4)(e) Indenture, dated as of July 25, 1985, between the Company and Manufacturers Hanover Trust Company, as Trustee, with respect to Senior Debt Securities. Incorporated by reference to Exhibit (4)(b) to Registration Statement No. 2-99204.

(4)(f) Revolving Credit Agreement, dated as of January 3, 1986, as amended and restated as of June 30, 1987, among the Company, Chemical Bank and certain other banks. Incorporated by reference to Exhibit (4)(d) to the Company's Annual Report on Form 10-K for 1987.

(4)(g) Second Amendment, dated as of June 30, 1989, to the Revolving Credit Agreement set forth in Exhibit (4)(f) above. Incorporated by reference to Exhibit 4(e) to the Company's Annual Report on Form 10-K for 1989.

(4)(h) Note Purchase Agreement, dated November 15, 1985, between the Company and Metropolitan Life Insurance Company. Incorporated by reference to Exhibit C to the Company's Schedule 13D dated January 13, 1986.

(4)(i) Note Purchase Agreement, dated November 15, 1985, between the Company and Teachers Insurance and Annuity Association of America. Incorporated by reference to Exhibit D to the Company's Schedule 13D dated January 13, 1986.

(4)(j) Note Purchase Agreement, dated November 15, 1985, between the Company and Equitable Variable Life Insurance Company. Incorporated by reference to Exhibit E to the Company's Schedule 13D dated January 13, 1986.

(4)(k) Note Purchase Agreement, dated November 15, 1985, between the Company and The Equitable Life Assurance Society of the United States. Incorporated by reference to Exhibit F to the Company's Schedule 13D dated January 13, 1986.

(4)(l) Form of Senior Note and Guarantee issued in exchange for notes of equal principal amount and interest rate issued in connection with the Note Purchase Agreements referred to in Exhibits (4)(h) through (4)(k) above. Incorporated by reference to Exhibit (4)(c) to Registration Statement No. 33-5315.

(4)(m) Other instruments defining the rights of holders of long-term debt of the Company and its consolidated subsidiaries are not being filed since the total amount of securities authorized under any of such instruments does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.

(4)(n) Rights Agreement, dated December 14, 1989, between the Company and Harris Trust Company of New York with respect to the Preferred Share Purchase Rights. Incorporated by reference to Exhibit 1 to the Company's Form 8-K dated December 15,1989.

(10)(a) Stock Purchase Agreement between the Company and Berkshire Hathaway Inc., dated March 18, 1985. Incorporated by reference to Appendix B to the Company's and American Broadcasting Companies, Inc.'s Joint Proxy Statement-Prospectus dated May 10, 1985.

(10)(b) Stock Purchase Agreement among the Company, Berkshire Hathaway Inc., National Indemnity Company, National Fire and Marine Insurance Company, Columbia Insurance Company, Nebraska Furniture Mart, Inc. and Cornhusker Casualty Company, dated January 2, 1986. Incorporated by reference to Exhibit A to the Schedule 13D dated January 8, 1986 filed by Berkshire Hathaway Inc. and others in regard to the Company's common stock.

(13) The Company's 1991 Annual Report to Shareholders. (This report, except for the portions thereof which are incorporated by reference in this Form 10-K, is furnished for the information of the Securities and Exchange Commission and is not to be deemed "filed" as part of this Form 10-K.)

(22) Subsidiaries of the Company.

(28)(a) Form 11-K for the Capital Cities/ABC, Inc. Savings & Investment Plan for the year ended December 31, 1991.

(28)(b) Undertakings.

CAPITAL CITIES/ABC, INC.

PROPERTY, PLANT AND EQUIPMENT—SCHEDULE V
(Thousands of Dollars)

	Balance at beginning of period	Operating companies acquired	Additions at cost	Retire-ments or sales	Balance at close of period
Year ended December 31, 1991:					
Land and improvements	$ 403,338		$ 221	$ (77)	$ 403,482
Buildings and improvements	621,470		20,736	(8,347)	633,859
Broadcasting equipment	450,807		68,911	(4,919)	514,799
Printing machinery and equipment	171,714	$ 249	7,517	(4,762)	174,718
Other, including construction-in-progress	213,731	51	23,613	(2,741)	234,654
	$1,861,060	$ 300	$120,998	$(20,846)	$1,961,512
Year ended December 31, 1990:					
Land and improvements	$ 400,665	$ 783	$ 2,401	$ (511)	$ 403,338
Buildings and improvements	583,510	4,794	42,166	(9,000)	621,470
Broadcasting equipment	397,925	3,088	53,083	(3,289)	450,807
Printing machinery and equipment	162,367	4,470	9,702	(4,825)	171,714
Other, including construction-in-progress	199,300	6,942	13,460	(5,971)	213,731
	$1,743,767	$ 20,077	$120,812	$(23,596)	$1,861,060
Year ended December 31, 1989:					
Land and improvements	$ 399,400	$ 447	$ 1,582	$ (764)	$ 400,665
Buildings and improvements	495,313	1,562	90,399	(3,764)	583,510
Broadcasting equipment	360,948	1,669	44,502	(9,194)	397,925
Printing machinery and equipment	151,479	1,044	15,721	(5,877)	162,367
Other, including construction-in-progress	165,174	495	41,338	(7,707)	199,300
	$1,572,314	$ 5,217	$193,542	$(27,306)	$1,743,767

VALUATION AND QUALIFYING ACCOUNTS—SCHEDULE VIII
(Thousands of Dollars)

		Additions		Deductions		
	Balance at beginning of period	Operating companies acquired	Charged to expense	Operating companies disposed	Accounts written-off, net	Balance at close of period
Deducted from accounts and notes receivable:						
Year ended December 31, 1991	$37,840		$51,941	$ (30)	$(51,449)	$38,302
Year ended December 31, 1990	36,135	$2,263	49,715	(136)	(50,137)	37,840
Year ended December 31, 1989	37,702	235	53,619		(55,421)	36,135

CAPITAL CITIES/ABC, INC.

ACCUMULATED DEPRECIATION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT—SCHEDULE VI

(Thousands of Dollars)

	Balance at beginning of period	Charged to expense	Retirements or sales	Balance at close of period
Year ended December 31, 1991:				
Land improvements	$ 2,404	$ 386		$ 2,790
Buildings and improvements	124,663	22,964	$ (5,751)	141,876
Broadcasting equipment	275,749	51,253	(688)	326,314
Printing machinery and equipment	89,093	12,140	(3,971)	97,262
Other	47,560	9,294	(6,859)	49,995
	$539,469	$ 96,037	$ (17,269)	$618,237
Year ended December 31, 1990:				
Land improvements	$ 2,058	$ 390	$ (44)	$ 2,404
Buildings and improvements	103,735	22,979	(2,051)	124,663
Broadcasting equipment	226,814	50,527	(1,592)	275,749
Printing machinery and equipment	80,651	12,317	(3,875)	89,093
Other	38,343	9,462	(245)	47,560
	$451,601	$ 95,675	$ (7,807)	$539,469
Year ended December 31, 1989:				
Land improvements	$ 1,667	$ 391		$ 2,058
Buildings and improvements	83,951	22,070	$ (2,286)	103,735
Broadcasting equipment	183,016	50,509	(6,711)	226,814
Printing machinery and equipment	73,952	12,073	(5,374)	80,651
Other	33,847	8,922	(4,426)	38,343
	$376,433	$ 93,965	$ (18,797)	$451,601

Depreciation is computed on the straight-line method over the following estimated useful lives: buildings and improvements—10 to 55 years; broadcasting equipment—4 to 20 years; printing machinery and equipment—5 to 20 years.

SUPPLEMENTARY INCOME STATEMENT INFORMATION—SCHEDULE X

(Thousands of Dollars)

	Royalties	Advertising costs
Year ended December 31, 1991	$66,191	$133,018
Year ended December 31, 1990	69,792	145,757
Year ended December 31, 1989	63,202	131,290

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAPITAL CITIES/ABC, INC.
(Registrant)

/s/ DANIEL B. BURKE
(Daniel B. Burke)
President and Chief Executive Officer March 16, 1992

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

Principal Executive Officer:	
/s/ DANIEL B. BURKE **(Daniel B. Burke)**	March 16, 1992
Principal Financial Officer:	
/s/ RONALD J. DOERFLER **(Ronald J. Doerfler)**	March 16, 1992
Controller:	
/s/ ALLAN J. EDELSON **(Allan J. Edelson)**	March 16, 1992
Directors:	
/s/ ROBERT P. BAUMAN **(Robert P. Bauman)**	March 16, 1992
/s/ WARREN E. BUFFETT **(Warren E. Buffett)**	March 16, 1992
/s/ DANIEL B. BURKE **(Daniel B. Burke)**	March 16, 1992
/s/ FRANK T. CARY **(Frank T. Cary)**	March 16, 1992
/s/ JOHN B. FAIRCHILD **(John B. Fairchild)**	March 16, 1992
(Leonard H. Goldenson)	March 16, 1992
/s/ FRANK S. JONES **(Frank S. Jones)**	March 16, 1992
/s/ ANN DIBBLE JORDAN **(Ann Dibble Jordan)**	March 16, 1992
/s/ JOHN H. MULLER, JR. **(John H. Muller, Jr.)**	March 16, 1992
/s/ THOMAS S. MURPHY **(Thomas S. Murphy)**	March 16, 1992
/s/ WYNDHAM ROBERTSON **(Wyndham Robertson)**	March 16, 1992
/s/ JOHN B. SIAS **(John B. Sias)**	March 16, 1992
/s/ WILLIAM I. SPENCER **(William I. Spencer)**	March 16, 1992
/s/ M. CABELL WOODWARD, JR. **(M. Cabell Woodward, Jr.)**	March 16, 1992

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CAPITAL CITIES/ABC, INC.
(Registrant)

Daniel B Burke

(Daniel B. Burke)
President and Chief Executive Officer March 16, 1992

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Principal Executive Officer:

(Daniel B. Burke) March 16, 1992

Principal Financial Officer:

(Ronald J. Doerfler) March 16, 1992

Controller:

(Allan J. Edelson) March 16, 1992

Directors:

(Robert P. Bauman) March 16, 1992

(Warren E. Buffett) March 16, 1992

(Daniel B. Burke) March 16, 1992

(Frank T. Cary) March 16, 1992

(John B. Fairchild) March 16, 1992

(Leonard H. Goldenson) March 16, 1992

(Frank S. Jones) March 16, 1992

(Ann Dibble Jordan) March 16, 1992

(John H. Muller, Jr.) March 16, 1992

(Thomas S. Murphy) March 16, 1992

(Wyndham Robertson) March 16, 1992

(John B. Sias) March 16, 1992

(William I. Spencer) March 16, 1992

(M. Cabell Woodward, Jr.) March 16, 1992

DISCLOSURE®
Information Services, Inc.

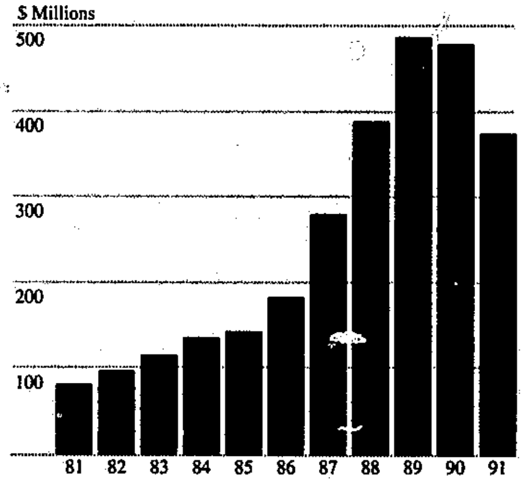
5161 River Road
Bethesda, MD 20816
(301) 951-1300

EXHIBITS FOLLOW

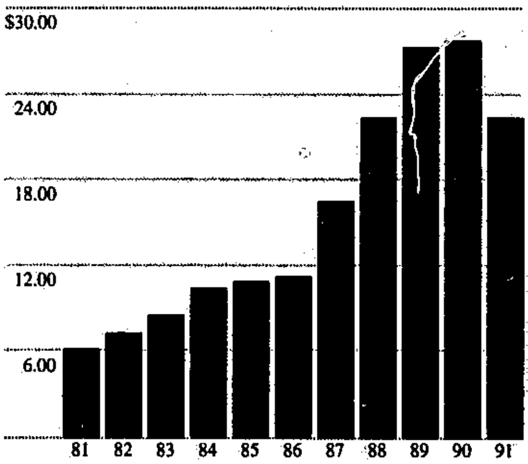
Operating Highlights

	1991	1990
Net revenues	**$5,381,989,000**	$5,385,602,000
Operating income	**$ 761,233,000**	$ 923,215,000
Income before extraordinary charge	**$ 374,696,000**	$ 477,780,000
Income per share before extraordinary charge	**$22.33**	$27.71
Average shares outstanding	**16,780,000**	17,240,000

Income Before Extraordinary Items



Income Per Share Before Extraordinary Items



To Our Shareholders

In 1991, the Company's record of 36 years of consecutive annual increases in earnings per share came to a resounding end. While we were disappointed to have this happen, we take satisfaction from the efforts made throughout the organization to adjust to the lengthy recession which has been particularly harsh on all U.S. media companies.

A summary of the Company's results for 1991 compared with 1990 follows:

(Dollars in millions)	1991	1990	Percent change
Net revenues	$5,382.0	$5,385.6	—
Operating costs	4,462.5	4,302.7	4%
Depreciation	96.0	95.7	—
Amortization	62.3	64.0	(3)%
Total costs	4,620.8	4,462.4	4%
Operating income	761.2	923.2	(18)%
Interest/other, net	(99.0)	(85.4)	16%
Income before taxes	662.2	837.8	(21)%
Income taxes	(287.5)	(360.0)	(20)%
Net income*	$ 374.7	$ 477.8	(22)%
Income per share*	$22.33	$27.71	(19)%
Average shares (000)	16,780	17,240	(3)%

*Before 1991 extraordinary charge.

The severe decline in advertiser spending for all forms of media began suddenly in mid-year 1990 and has continued into the first quarter of 1992. It is not possible at this writing to predict with any confidence when this downturn will be reversed. Our corporate response to these circumstances has been very traditional: rigorous efforts to contain costs and to sharpen sales efforts wherever possible.

Two points should be made about the 19 percent earnings per share decline for 1991 versus 1990. First, this result compares quite favorably with the results reported by other media companies, and second, the Company still generated after-tax free cash flow of $400,000,000 and materially strengthened its balance sheet once again in 1991. In the six years, since the acquisition of ABC, total debt net of cash, has been reduced from $1,950,000,000 to less than $270,000,000 – an amount considerably less than 1991 net income.

Throughout 1991, every effort was made to sustain and, where possible, improve the Company's prospects for growth when the domestic and international economies improve. The strength of our various media franchises was generally maintained or enhanced. The ABC Television Network while generally very competitive in terms of ratings during a normal program week, nonetheless experienced audience declines and not growth, as is our goal. The network does, however, continue to command outstanding shares of the younger demographic groups which are so highly sought by advertisers. Ratings levels for the radio networks, our television stations and most of our radio stations, and circulation levels for virtually all of our publications continue at very satisfactory levels.

In the aggregate, the three major television networks operated at a loss for the first time in their history in 1991. Gross advertising revenues for the three networks declined by 5 percent. Following a strong upfront market for the 1990-91 season, subsequent pricing in the scatter market was soft throughout most of the year, and upfront advertising commitments for the 1991-92 season were at lower prices than the prior year. The recession was largely responsible for the revenue decline, although the growth of advertiser-supported cable networks and the disruption of the advertising marketplace during the Persian Gulf conflict also put additional downward pressure on pricing.

The ABC Television Network's revenues were just above 1990 levels, although revenues would have been down modestly without incremental advertising from the Super Bowl, new NFL playoff games and from new business activities. The network lost money during the second year of its four-year contract with the NFL but, for the most part, has avoided sports rights commitments which will generate massive losses. Overall, the network operated at a profit in 1991, but was down significantly from 1990. The weak advertising marketplace, the costs of coverage of the Persian Gulf conflict and new business activity all contributed to the profit decline.

In prime time, the network's household ratings for the 1991-92 season have declined from 1990-91 levels, but ABC remains very competitive in delivery of young adults 18-49. In the current season-to-date, ABC has five of the top ten most-watched programs and consistently wins two nights of the week. ABC Productions, the Company's in-house production unit, continues to develop new prime-time programming for our own network and for others as well. Through ABC Productions, and joint ventures with independent producers and ABC News, the Company now has an equity interest in approximately 15 percent of the network's 22 prime-time hours.

ABC News achieved another extraordinary year in 1991, particularly with its comprehensive coverage of the conflict in the Persian Gulf and the astounding historic developments in the Soviet Union. With both its regularly scheduled news broadcasts and its special event coverage, more Americans continued to rely on ABC News than on any other source. *World News Tonight* with Peter Jennings was the most-watched network evening news program for the third straight year. ABC News' two prime-time news magazines, *20/20* and *PrimeTime*, performed well with their special features, interviews and weekly investigative reports. Both programs recorded audience gains during the current season. A third weekly news program is currently in development and is scheduled to debut in early summer. *Nightline*, hosted by Ted Koppel, and *This Week with David Brinkley* added to their distinguished reputations for timely discussion and analysis of vital national and international issues.

Broadcast Group revenues were up slightly, but operating profits declined modestly in 1991. These businesses represent some of the Company's strongest franchises, and their performance in a weak national economy was generally better than industry averages. The television stations, which generate a significant portion of the Company's operating earnings, have for some years achieved the strongest audience delivery of any television station group. Seven of the eight Capital Cities/ABC owned television stations ranked first and one tied for first in their respective markets during the November 1991 audience ratings period.

ESPN's subscriber levels reached 59,000,000 households, and revenues and profits improved in 1991 despite continuing losses in the second year of Major League Baseball coverage. The Arts & Entertainment and Lifetime cable networks, each one-third owned by Capital Cities/ABC, had fine years.

The ABC Radio Networks reported higher profits on modest revenue gains and benefited from strong cost controls. Owned radio station revenues and profits declined during the year, although several stations achieved record years. The ABC Radio Networks also announced an exciting new venture: a radio sports network produced jointly with ESPN.

Profits at the Publishing Group declined by 7 percent in 1991 on a 5 percent revenue decline. Nonetheless, we consider the Group's overall performance to be very creditable. Our dailies were the only one of the publicly traded groups in the nation to report improved earnings, as most large urban newspapers were harshly affected by the recession. Specialized publications' earnings were hit hard once more in 1991. The group's strong efforts to control costs and achieve cross-economies among its three operating groups began to have some effect in the fourth quarter of 1991 when profits improved modestly. Finally, the shopping guides reported small revenue and profit declines.

In 1991, a major portion of our long-term debt was refinanced to take advantage of the decline in interest rates. At the start of the year, long-term debt totaled $1,947,000,000 at a weighted average interest rate of 10.1

percent. In December 1990 and in August 1991, the Company issued 10-year notes and 30-year bonds totaling $500,000,000 with an average interest rate of 8.9 percent. In separate transactions in November 1991 and January 1992, the Company redeemed $687,500,000 of debentures and notes with interest rates averaging 11.4 percent. Following these transactions long-term debt was $1,321,000,000, with an average interest rate of 9.0 percent, and cash and short-term U.S. Government securities was $1,051,000,000. Paying a premium to redeem these instruments before maturity required the Company to record an extraordinary charge of $1.86 per share in 1991. However, net annual interest expense will be significantly lower in future years, perhaps by as much as $45,000,000 in 1992. As a result of this refinancing, debt to total capital declined to 25 percent, down from 35 percent in 1990 and 51 percent at the time of the ABC merger.

The Company's sound financial condition enabled it to continue to fund new media investments in 1991. In the fall, the Company, through ESPN, acquired a 50 percent interest in the European Television Networks, which principally includes The European Sports Network (TESN), a Pan-European sports network with almost 28 million cable and direct-to-home subscribers.

Cumulative pre-tax investment and funding in European and other international ventures through year-end 1991 now totals $120,000,000, and 1991 results include a pre-tax loss of $29,000,000 from these ventures. Since the ABC merger, the Company has also invested $42,000,000 in cumulative pre-tax operating losses for domestic broadcasting and publishing start-up operations, including $18,000,000 in 1991. The total 1991 pre-tax losses of such new business ventures was $47,000,000 ($2.84 per share), compared with $39,000,000 ($2.23 per share) in 1990. Some of these investments will, no doubt, prove to be more successful than others and some will fail, but the Company is generally pleased with these ventures and their prospects for the future.

During 1991, the Company spent $83,200,000 to repurchase 208,300 shares of its common stock in open market transactions. The adverse advertising environment depressed the stock's price-earnings multiple during the year, and the Company responded opportunistically, particularly in the fourth quarter. The average cost of just under $400 per share was 7.3 times 1991 operating cash flow (operating income before depreciation and amortization) per share. This is below the current asking price for quality media acquisition prospects.

The Federal Communication Commission's final decision in the long proceeding on Financial Interest and Syndication Rules was made in 1991. We were disappointed that the Commission chose only a partial relaxation of the rules, and we will continue to argue on appeal that the rapid and dramatic changes in the television network business justify much more radical reforms. However, the limited reform which the FCC has already confirmed will enable us to pursue some portion of our goal of expanding the Company's ownership and distribution of successful shows.

The FCC announced in 1992 its intention to consider relaxation of another rule that has limited our Company's business activities: the current rule forbidding television networks from owning cable systems. We will continue to urge the Commission to alter its rules so that, if price and other circumstances warrant, we will be able to re-enter a business which is closely related to our existing operations.

In 1991, Capital Cities/ABC continued its commitment to people with its support of very worthwhile national and regional public service campaigns and with programs to benefit its employees and the communities it serves. Perhaps the two most notable national projects were the sixth year of PLUS (Project Literacy U.S.), a joint ABC-PBS campaign to combat illiteracy, and the fifth year of a major corporate commitment to The Partnership For a Drug-Free America. Early in 1992, the Company decided to add major corporate support of AIDS awareness and prevention. The Company also has a number of special programs and policies in place designed to increase diversity in its work force. A brochure, *The Capital Cities/ABC Commitment*, which contains more information about these campaigns, our Volunteer Initiatives Program, training and internship programs, and other pro bono projects, may be obtained by writing to the Corporate Affairs Department at our corporate office in New York City.

As this is written, we are uncertain how much of our 1991 earnings decline was due to structural changes in our basic businesses and how much was simply a function of the recession. Results in a healthier economy will most likely provide more evidence – one way or the other – than did performance in this long recession.

Regardless, Capital Cities/ABC's basic businesses, with few exceptions, should emerge from the recession as they entered it – mature franchises with reasonably predictable earnings and the continued capacity to generate substantial free cash flow. We feel that these properties can continue to grow during the 1990's, although their rate of growth will be more in line with general economic activity and most likely below levels achieved during the 1980's. Our cable network interests and European investments can be positive exceptions. Our share repurchase program, debt restructuring and new business start-ups will enhance future growth as well.

In past years, acquisitions have provided much of the Company's growth. While we remain active in the search for appropriate opportunities, we are increasingly convinced of the importance and attractiveness of internally generated business development. Accordingly, we have organized initiatives which will exploit the skills of the organization and the vast amount of entertainment and informational material it produces every day. We are very encouraged by the reaction of the organization thus far.

In almost all respects, 1991 was a trying year. We can't predict the arrival of better business conditions, but we will certainly welcome them. We feel our operations are poised to take advantage of a recovery, and we know the turnaround is nearer at hand today than it was yesterday.

We thank our employees and our Directors for their dedication and their outstanding efforts during the year. We also thank our shareholders for their interest and support. Should you have comments or questions, we encourage you to contact either or both of us, in care of the corporate office in New York.

Daniel B Burke

DANIEL B. BURKE
President and
Chief Executive Officer

Thomas S. Murphy

THOMAS S. MURPHY
Chairman

Broadcasting

The Company's broadcasting operations, which consist of the ABC Television Network Group and the Broadcast Group, had 1991 net revenues of $4,329,700,000, an increase of 1 percent, or $46,100,000, over 1990. Operating earnings of $669,700,000 in 1991 decreased $160,800,000 from the prior year. Broadcasting's 1991 and 1990 results are summarized as follows:

(Dollars in millions)	1991	1990
Net revenues	$4,329.7	$4,283.6
Operating costs	3,537.7	3,331.3
Depreciation	75.9	75.1
Amortization	46.4	46.7
Total costs	3,660.0	3,453.1
Operating income	$ 669.7	$ 830.5

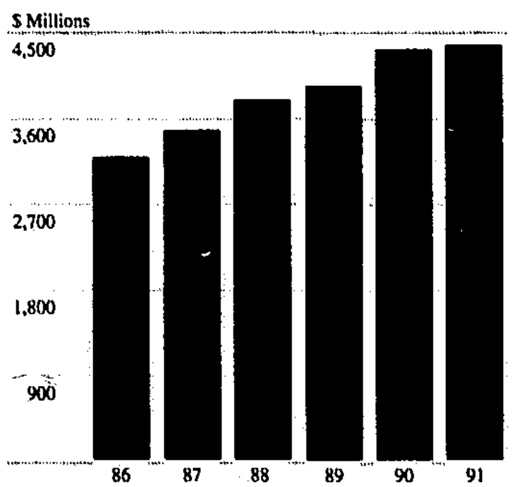
ABC Television Network Group

The profitability of the television network industry was severely strained in 1991 by a decline in national advertising revenues, higher programming costs and substantial sports losses. On combined gross advertising revenues of $8,300,000,000, down 5 percent from 1990, the three major networks in the aggregate lost money for the first time ever. Cyclical forces reducing three-network profits are likely to ease as the overall economy stabilizes. Still, the growth of competitive media, a sharp rise in the amount of national commercial availabilities and restrictive federal regulations will continue to challenge the television networks.

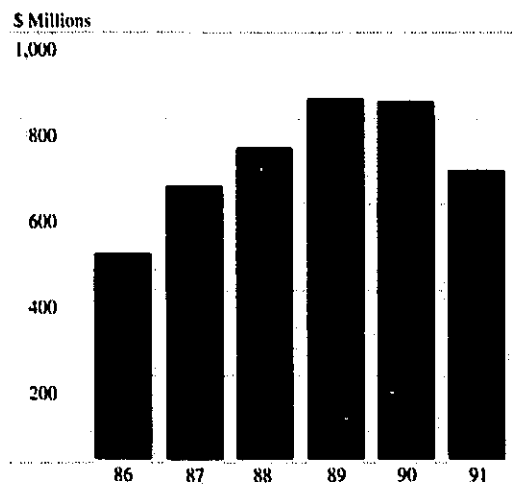
National advertiser demand was especially soft for sports and special-event programming in 1991. By limiting our financial exposure in these areas and vigilantly managing other expenses, the ABC Television Network reported an operating profit of $120,000,000 in 1991, down from $245,000,000 in 1990. Net revenues in 1991 of $2,640,000,000 were slightly in excess of 1990 levels.

A number of unusual factors influenced comparisons between the two years. Super Bowl XXV and four NFL playoff games added almost $80,000,000 to 1991 net revenues. The network did not profit from these 1991 NFL telecasts, however, as rights and production costs exceeded the post-season revenues. Incremental cost of news coverage of the Persian Gulf conflict was in excess of $20,000,000 in each of 1991 and 1990 and such coverage also caused the pre-emption of regularly scheduled advertising. In addition, 1991 included for the first time the operating results of Worldwide Television News (WTN). Total network operating costs rose 7 percent in 1991. Excluding post-season NFL and WTN expenses, underlying network costs were up less than 2 percent from 1990 levels.

Broadcasting
Net Revenues



Broadcasting
Operating Income



Scatter pricing was weak for most of the year. Upfront prime-time prices for the 1991-92 season were approximately 10 percent lower than 1990-91 levels. Several large advertising categories, among them automotive, beverages and personal care products, reduced their spending from the prior year. The network remains cautious about the revenue outlook for 1992 as well. While national advertising should benefit from any improvement in the overall economy, the ABC Television Network expects expensive unit-pricing for the Winter and Summer Olympics will strain the three-network marketplace and limit non-Olympic revenue growth, as was the case in 1988.

The ABC Television Network's relative share of the key demographic audience in each daypart remained competitive in 1991, although delivery declined modestly across the programming day. In prime time, both basic cable and independent stations continued to attract larger audiences, and the three-network share declined to 62.1 percent during the 1990-91 season, from 65.8 percent the previous season. ABC's prime-time share also declined modestly during the past season and in the current 1991-92 season to date, although the network consistently won two nights of the week, Tuesday and Friday. By moving *Full House* to Tuesday and introducing *Home Improvement*, the season's most successful new show, ABC revitalized its Tuesday night audience levels. At 9 pm, *Roseanne* was the highest-rated program among total viewers and young adults 18-49. *Coach* at 9:30 pm reached its highest ratings level during the fourth quarter and ranked seventh among the most-watched programs. Friday night's comedy block from 8 to 10 pm was once again popular with young adult viewers, and at 10 pm, *20/20* was a clear ratings winner.

ABC's Monday-to-Friday daytime programming was once again top-rated among women 18-49, although its leadership position narrowed during 1991. *All My Children* was the most popular daytime show in 1991 in this important audience demographic, and *One Life To Live* and *General Hospital* also ranked among the top five. *Good Morning America*, hosted by Charles Gibson and Joan Lunden, was the number one early morning show for all of 1991. Efforts to develop late-night entertainment programming were unsuccessful in 1991, and new development concepts are once again being evaluated.

ABC Sports had a successful football season in 1991 in terms of ratings and program presentation. The division broadcast its first NFL Wild Card playoff games at the conclusion of both the 1990 and 1991 seasons and the Super Bowl's twenty-fifth anniversary game. Both the NFL and college football ratings improved in the fourth quarter of 1991, especially the CFA/Big 10/Pac 10 schedule which finished up 29 percent. ABC Sports' schedule was also highlighted by New Year's Day bowl games, Triple Crown horse racing and the Indianapolis 500.

Television network sports is substantially unprofitable for all three networks, and ABC Sports recorded a loss in excess of $50,000,000 in 1991. Rapidly escalating rights fees and excessive commercial inventory have eliminated the chance to compete profitably. Over the next two years, contracts with Major League Baseball and the National Football League will expire. Additionally, the International Olympic Committee will begin negotiating the rights to the 1996 Summer Olympic Games in Atlanta. The networks' success in negotiation of sports rights packages that more realistically reflect the current advertising marketplace will be critical in determining the future of sports on network television.

The leadership of ABC News in the coverage of national and international events continued to set standards for the industry. Its strong team of well-recognized and respected news anchors, producers and support staff brought the organization continued critical acclaim and ratings success. *World News Tonight* with Peter Jennings was the cornerstone of ABC News' award-winning coverage of the major news stories of 1991. *Nightline*, with Ted Koppel, was the top-rated late-night broadcast in the first quarter of 1991 for the first time since the show premiered in 1980. *20/20*, hosted by Hugh Downs and Barbara Walters, and *PrimeTime* with Diane Sawyer and Sam Donaldson, improved their performance in their time periods. In late 1990, the network's ownership interest in Worldwide Television News (WTN) was increased to 80 percent from 45 percent. WTN is a worldwide news-gathering and marketing organization, headquartered in London. As an additional service to affiliate stations, ABC News launched an overnight news service in January 1992. Capitalizing on the operation's 24-hour news capability, *World News Now* is broadcast Monday through Friday 2 to 6 am.

In 1991, ABC programming won over 250 awards, including 57 Emmys. ABC News won virtually every important journalism award including 15 Emmys, two Peabody awards and 4 duPont-Columbia awards. The network also contributed $50,000,000 in public service time to Project Literacy U.S. (PLUS) and The Partnership for a Drug-Free America.

In 1991, a number of important management changes were announced. Stephen A. Weiswasser was appointed Executive Vice President of ABC News, and Marvin F. Goldsmith was promoted to President, Sales and Marketing for the ABC Television Network Group.

Prime-time in-house production efforts primarily supporting the ABC Television Network were significantly accelerated in 1991. ABC Productions, which started in 1989, continues to expand its activities. In the 1991-92 season, it is co-producing a one-hour series, *The Commish*, for ABC, as well as producing five made-for-television movies for ABC and other broadcasters. It has six series being actively considered at ABC and other networks and several made-for-television movies in production. ABC/Kane Productions had five original episodes from its prime-time *World of Discovery* series telecast during the 1991-92 season.

Regaining ratings momentum is a top priority, and the Company has provided the network with every available resource to attract young adult viewers. ABC Entertainment has commitments with proven creative talent to develop series. In daytime, the network has made changes at several of its serial dramas to attract a larger share of the women 18-49 audience. In these efforts to improve audience delivery, programming costs will continue to rise. The network performed well in limiting other underlying operating expenses in 1991, but current marketplace conditions demand continued vigilance. Current expectations for three-network revenue growth are modest. To perform profitably, the network will continue to evaluate all its operations to ensure maximum efficiency and flexibility.

A relaxation of the financial interest and syndication rules in July 1991 will allow the networks to produce up to 40 percent of their prime-time schedules in-house and to syndicate those programs. While ABC plans to take advantage of this opportunity, the networks are still effectively unable to negotiate for financial interests in programs produced by others. Today's competitive environment is vastly different than it was when these limitations were imposed. While disappointed that full repeal of these rules was not granted, the network will continue to work toward needed changes in this area.

Broadcast Group

The Broadcast Group achieved record revenues for the sixth successive year since the merger of Capital Cities and ABC. At $1,771,000,000, net revenues for the Group slightly exceeded 1990's performance by $9,000,000. Operating income which had also advanced each year to successive record levels, declined for the first time by 6 percent, from $631,000,000 to $596,000,000. It was a difficult and sobering year.

The frustration in 1991 was especially prevalent at the television stations which continued to maintain their ratings leadership, but were hampered by a weak advertising marketplace. At the Company's radio stations, audience advantage was rewarded at six of our radio stations despite the weak economy. Unfortunately, these gains were not enough to stem a significant overall decline in radio station profits. The ABC Radio Networks, however, rebounded nicely from the cost burden of the Persian Gulf conflict and a considerable first quarter revenue shortfall to end the year on a strong note, and well ahead of 1990.

Video Enterprises performed the best of all the Group's operating components in 1991, overcoming both the recessionary climate and increased competition to report double-digit increases in revenue and profit. ESPN, Video's primary operating unit, and Video Enterprises' distribution activities both had fine years and were bright spots in an otherwise troublesome economic landscape.

Television Stations

The Persian Gulf conflict and the economic recession clearly presaged a difficult revenue environment for 1991 long before the year began, and for the television stations, the reality proved worse than the expectation. Even the effect of the 1991 Super Bowl, which provided a sizeable incremental boost to both revenue and profits, was lost in the economic downturn and the uncertainty brought on by the Persian Gulf conflict. The year started on a weak note and despite some fitful attempts at recovery, ended disappointingly with a revenue decline for the year of approximately 5 percent.

None of the eight stations proved to be recession-proof, with each station falling short of 1990's revenue and profit levels. While the degree of decline varied from market to market, the four western stations suffered disportionate revenue and profit decreases.

In 1990, the California stations were the beneficiaries of substantial political advertising. Their inability to replace this revenue source in a recessionary environment exaggerated the shortfall. Despite the poor advertising climate, the stations continued to stress pricing integrity and as a consequence, their revenue may have been penalized in the short-term. We believe, however, that in the long run, maintaining their standards is the best way to preserve the intrinsic value of these assets for the future.

The group continues to be the industry leader in terms of audience appeal, and the stations outperform their competition by most criteria. One of the more visible of these yardsticks is the national audience survey conducted four times annually. With the single exception of one station which finished second sign-on to sign-off, all of our stations either finished first or tied for first in each of these four rating "sweeps." These results typify the performance of the stations for the past several years and remain a hallmark of the group's success.

These achievements have not gone unnoticed, and competition has intensified. While the effects of this heightened competition are often not always apparent in audience rankings, it adversely affects station operating costs. Programming costs, especially for popular syndicated programming, continue their upward spiral, and despite the soft economy, show no sign of abating. Despite these pressures, overall costs in 1991 grew less than 1 percent. While the decrease of variable costs associated with declining revenues helped to limit expense growth, continued prudent cost management, long basic in our operating philosophy, played a significant role in containing costs.

We do not believe that good cost management is inconsistent with being responsible broadcasters. By way of illustration, despite cost pressures and disappointing sales, each of our stations except our smallest one, supplemented ABC Network News' superb coverage of the Persian Gulf conflict with on-site coverage of their own. Our stations believed that their audiences deserved to view this extraordinary international event from a local as well as a national perspective.

This type of coverage and the audience loyalty it engenders, serves as a primary adhesive in binding our stations to their communities and in large part is responsible for their success. The following table reflects how each station's principal news programs performed during the last survey period:

Station and Market	Market rank	News program rank: Early evening	News program rank: Late evening
WABC-TV (New York)	1	1	3(T)
KABC-TV (Los Angeles)	2	1	2
WLS-TV (Chicago)	3	1	1
WPVI-TV (Philadelphia)	4	1	1
KGO-TV (San Francisco)	5	1	4
KTRK-TV (Houston)	10	1	1
WTVD (Durham-Raleigh)	32	1	2
KFSN-TV (Fresno)	59	1	1

Sources: *Nielsen, November 1991*
(T) Tied

The eight television stations continue to be the largest television group under common ownership in the country, reaching 23.8 percent of the total ADI (Area of Dominant Influence) television homes, slightly under the current Federal Communications Commission limitation of 25 percent.

Radio

The ABC Radio Networks represent one of the few over-the-air broadcast entities of its size to achieve record revenues and profits in 1991. The achievement is all the more remarkable in that the organization faced the same recessionary climate as did all U.S. media companies, absorbed higher news costs in its coverage of the Persian Gulf conflict, and yet was able to reduce overall operating expenses. While the incremental increase in net revenue for the year was modest, a strong fourth quarter performance overcame a significant first quarter shortfall.

The radio networks continue as the industry leader by all significant standards and serve approximately 3,200 affiliates nationwide. Affiliates are provided with a broad spectrum of radio programming designed to entertain and inform. ABC Radio News coverage of the Persian Gulf conflict fulfilled the commitment to inform in a very special way and displayed the organization's resources and talents to unique advantage. In recognition of its Persian Gulf coverage, ABC Radio News was awarded five international medals for news excellence.

The networks also feature the perceptive views and insights of Paul Harvey, who continues as the most popular and respected radio commentator on the national scene. We are pleased to report that a recently concluded contract extension will now see Mr. Harvey's relationship with ABC Radio and its affiliates extend into the 21st century.

The network announced the creation of the ESPN Radio Network, a collaborative effort of the ABC Radio Networks and ESPN. The announcement of the venture was enthusiastically received by the media and advertisers alike. The ESPN Radio Network began broadcasting on January 1, 1992 and currently provides 16 hours of sports news, features and commentary weekly to approximately 200 major-market affiliates across the country.

The ABC Radio Networks subsidiary, Satellite Music Network (SMN), also reported higher revenues and profits for 1991 and shows tangible evidence of the expectation which motivated its acquisition in 1989. Now under new leadership, SMN has enhanced the quality of its satellite-delivered music format services, re-energized its staff and redirected its marketing efforts to emphasize large market affiliations.

The Company's 21 radio stations (eleven AM and ten FM) reach 25.7 percent of the United States as reflected in the following chart:

Station and Market	Market rank	# of stations in market	% of U.S.
WABC-AM/WPLJ-FM (New York)	1	46	6.8%
KABC-AM/KLOS-FM (Los Angeles)	2	41	4.6%
WLS-AM/FM (Chicago)	3	37	3.2%
KGO-AM (San Francisco)	4	51	2.5%
WJR-AM/WHYT-FM (Detroit)	6	31	1.8%
WMAL-AM/WRQX-FM (Washington, D.C.)	7	31	1.7%
WBAP-AM/KSCS-FM (Fort Worth-Dallas)	8	32	1.6%
WKHX-AM/FM (Atlanta)	12	22	1.2%
KQRS-AM/FM (Minneapolis-St. Paul)	17	18	1.0%
KRXY-AM/FM (Denver)	24	33	0.7%
WPRO-AM/FM (Providence)	29	20	0.6%
Total			25.7%

Source: *Arbitron, Fall 1991 Radio Market Survey Schedule & Population Rankings Metro persons 12+*

The AM and FM radio stations in Fort Worth-Dallas and Minneapolis, and the FM stations in Los Angeles and Washington, D.C., all had excellent years. Each outperformed 1990's revenue and profit results and each exceeded its 1991 budget targets. KLOS-FM, Los Angeles, in particular, had an especially fine year. Many of our stations are award recipients, but KLOS-FM's performance was so outstanding it is appropriate to mention that the station was cited with three NAB prizes: the Crystal Award for Excellence in Community Service, the Marconi Award for the AOR/Classic Station of the Year, and the Marconi Award to the station's morning team as Major Market Personalities of the Year. KLOS-FM also received Billboard Magazine's Station of the Year Award.

We have another group of radio stations whose relative rating performance can be said to be good to excellent but whose revenue base was adversely affected by the current economy. The final category is a group of stations that have simply not performed recently and still require a great deal of attention. We have undertaken corrective measures but have not yet achieved the desired results. This has especially been our experience in New York and Chicago. The results of the Arbitron Radio Ratings for the fall are encouraging, as they show some improvement, however, it will take consistent performance over an extended period of time before we see any material effect on the bottom-line. Management has been able to keep expenses virtually flat during 1991, and given the costs of reformatting some of our stations and higher talent and sports rights costs, this was a considerable achievement.

Video Enterprises

Video Enterprises' revenue increased 10 percent in 1991, and its operating profits rebounded to approach the record profit level attained in 1989. Video Enterprises' primary business activities involve cable programming, program distribution and program packaging. The division also participates in similar activities on a broader international scale through a number of foreign equity investments and co-production arrangements. In addition, the division is involved in several entrepreneurial business investments.

ESPN, the premiere cable sports network in the country, 80 percent owned by the Company, represents Video's most significant business activity. At year-end, ESPN reached approximately 58,900,000 households. This level of penetration represents 64 percent of U.S. television homes, more than any other cable network.

ESPN achieved record revenues during 1991 and saw its earnings recover from the decline it experienced in 1990. ESPN continues to incur significant losses under its current contract with Major League Baseball, but its economic success overall confirms its position as the premiere sports programmer in the cable industry.

ESPN also continues to leverage its strength on the international scene. This past fall, ESPN acquired a 50 percent interest in the European Television Networks, which includes The European Sports Network (TESN). TESN was previously 25 percent owned directly by ESPN. The remaining 50 percent was acquired by a partnership of CANAL+ and Generale des Eaux, major French media companies. While the ownership interests of the current partners may be reduced in the future to accommodate the strategic involvement of other key participants, all partners believe in a promising future for a satellite-distributed sports service throughout western Europe. ESPN's joint venture with several major Japanese partners to provide a program service to cable subscribers in Japan has been expanded in recent months to include satellite direct-to-home services; and ESPN service has been extended to Indonesia and adjacent areas of southeast Asia. ESPN's participation in these ventures represents investments for the long-term, and it is not expected that these activities will be profitable in the near future.

Video Enterprises also owns a one-third interest in the Arts & Entertainment (A&E) and Lifetime cable networks which reach 56.7 percent and 58.0 percent of U.S. television homes, respectively. Both A&E and Lifetime had excellent years, achieving increases in revenue, earnings and subscribership and continue to show promise for the future.

Video Enterprises has long been involved in the international marketplace through the distribution of television films and programs; and in recent years has increased its presence, especially in Europe, through equity investments in France, Spain and Germany. These investments, the largest of which is a 50 percent interest in Tele-Munchen GmbH in Munich, Germany, are involved in a wide array of distribution and production activities. The Company believes that these investments and related co-production arrangements will afford it growing participation in the expanding European marketplace. Through Tele-Munchen, the Company also holds a significant minority interest in Tele-5, an independent German television network that continues to show great promise. While Tele-5 currently incurs significant losses, its growth in audience and advertiser support is most encouraging.

Video Enterprises also has taken minority equity positions in several businesses which operate in or near the Company's current business activities. These ventures are involved in home video marketing, supermarket advertising, credit-check approval and pay-per-view programming, and are in various phases of development.

It should be noted that Video Enterprises' minority investments in these various ventures are accounted for on an equity basis (the proportionate share of income or loss is recorded as other income or expense) and their operating results are not consolidated with the Company's or Broadcast Group's results.

Publishing

The advertising recession in 1991 has been described as the largest postwar drop ever recorded and the first year-to-year advertising decline in 30 years. The effect on print was generally more severe than on other media. The 1990 restructuring of the Company's specialized publishing operations, described in last year's Annual Report, turned out to be very timely, but substantial profit deterioration was experienced nevertheless. Operating income for the publishing operations declined 7 percent, as a result of a 5 percent decrease in revenues combined with a 4 percent decline in expenses. Publishing's 1991 and 1990 results are summarized below:

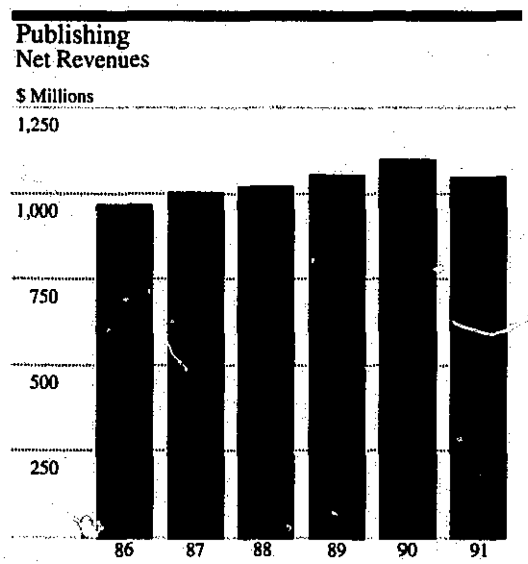
(Dollars in millions)	1991	1990
Net revenues	$1,052.2	$ 1,102.0
Operating costs	895.4	934.0
Depreciation	18.1	18.4
Amortization	15.8	17.2
Total costs	929.3	969.6
Operating income	$ 122.9	$ 132.4

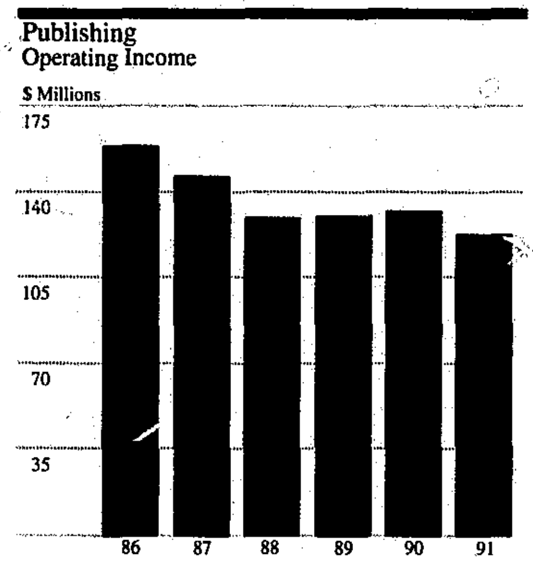
Excluding acquisitions, dispositions and startup activity from both years, revenues were down 3 percent, expenses were 2 percent lower, and operating income declined 9 percent. The year was highlighted by the Company's daily and weekly newspapers posting a 2 percent profit improvement over 1990 on a 1 percent revenue reduction, a significant profit turnaround at the Financial Services and Medical Group, and continued growth by the "Nickel" publications in the Northwest. All other publishing operations posted lower profits in 1991.

Newspapers and Shopping Guides

Total newspaper and shopping guide operating income of $105,000,000 was up for the fifth straight year, increasing 1 percent over 1990. Daily newspapers posted a 3 percent profit increase, as 2 percent lower expenses more than offset a 1 percent revenue decline.

The performance of the Company's dailies in 1991 compares favorably with the results of most other newspaper groups. Newsprint prices in 1991 were again favorable, with higher year-to-year prices in the first half more than offset by increased discounting as the year progressed. Average newsprint prices were down 2 percent for the year and were nearly 12 percent lower in the fourth quarter. In addition, several newspapers benefited from events unique to their markets. Increased department store spending in Fort Worth, expansion investments in Belleville in 1989 and 1990, and the carryover benefit of converting to morning-only at Kansas City in early 1990 were major influences.





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More important, however, was the manner in which each newspaper's management and employees responded to the changed market conditions in 1991. While advertising revenues were down 4 percent, circulation revenues increased 9 percent. Expenses other than newsprint were virtually flat, and employment levels declined nearly 5 percent by year-end, mostly as a result of attrition.

Attentiveness to expenses in the current operating environment did not inhibit start-up activities for several newspapers. In late 1991, alternate delivery programs were begun in Kansas City, Fort Worth and Belleville. Alternate delivery can provide a cost-effective alternative to the mail for the distribution of materials to households in the markets we serve, including advertising aimed at non-subscribers, magazines and catalogs.

Revenues and expenses of the *Kansas City Star* declined 3 percent and 4 percent, respectively, and operating income decreased slightly. Saturday and Sunday circulation registered gains from the previous year. In mid-year, the newspaper introduced *StarTouch*, a telephone news service with scores of information categories. More than 800,000 calls were registered by year-end, far surpassing the performance of similar systems at other newspapers. The *Star*'s news and editorial staffs received a number of awards for excellence, including the Gold Cup as the Missouri Press Association's best newspaper and national honors in the Loeb and John Hancock awards for top business and financial reporting.

Advertising and circulation revenues increased at the *Fort Worth Star-Telegram* in 1991, and operating income rose to the highest level since the Texas recession began in late 1985. Average daily circulation was down modestly because of a single copy price increase from 25 cents to 50 cents in late 1990, but Sunday circulation was up. Making an effort to reach additional minority readers, the *Star-Telegram* developed a monthly tabloid insert, *The Eagle*, designed primarily for the Hispanic community.

Two *Star-Telegram* affiliates expanded in 1991. *The Cable Connection*, a television guide sold to cable television subscribers, launched an edition in the Houston suburbs. Circulation at its ongoing operations in the Fort Worth area and southern New Jersey now exceeds 100,000 bi-weekly. The technology of *StarText*, the newspaper's 10-year-old local videotext service, was incorporated into a new system launched by the *St. Louis Post Dispatch*. Further expansion is planned in 1992.

Profits at *The Oakland Press* in Pontiac, Michigan, fell from 1990's record, with a modest decline in advertising revenue. The profit decline was limited by cost reductions and higher circulation prices. For the second year in a row *The Press* was judged "Michigan's Best" daily in its circulation class in the editorial competition of the Michigan Press Association. Profits were slightly improved from 1990 at the weekly newspapers and real estate magazines operated by the Oakland Press Company.

The *Belleville News-Democrat* generated a double-digit increase in operating income, as a result of gains in circulation revenue and cost reduction efforts. Daily circulation declined slightly, but Sunday circulation continued to grow, reaching almost 60,000 by year-end. The newspaper received the Associated Press Sweepstakes Trophy for best news story. Among Belleville's other operations, Legal Communications Corporation, publisher of legal newspapers for St. Louis city and county, had another record year.

With higher revenues and lower expenses, the *Times Leader* in Wilkes-Barre, Pennsylvania, posted the highest revenue and operating income in the 125-year history of the newspaper. The newspaper continued to maintain the lead over its competitors in daily and Sunday circulation, and in the case of Sunday, its lead widened substantially. The newspaper's advertising market share, particularly for inserts, grew significantly during 1991.

The small daily and weekly newspaper operations in New England and Oregon were adversely affected in 1991 by weak local economic conditions. Printing for all Connecticut and Rhode Island properties was consolidated in North Haven, Connecticut. Several small New England newspapers were sold or closed, and others were launched. Nearly all the Oregon papers were recognized as best in their size category in the annual statewide competition.

A slight reduction in revenues, combined with a February postal increase, resulted in a decline in operating income at our midwest and California shopping guides. The midwest operations distribute 280,000 *PennyPowers* in Wichita, Kansas and Springfield, Missouri, while the California operations distribute 1,700,000 *PennySavers* each week in central and southern California. A new 80,000 square-foot production facility for southern California with new offset presses will open in April 1992 in north San Diego County.

Revenues and operating income increased again to record levels at the three Nickel publications located in Seattle-Tacoma and Spokane, Washington, and Portland, Oregon. The three publications distribute 500,000 free copies weekly through racks, in convenience stores and other locations. In September, a similar publication, *Nifty Nickel*, was purchased in Las Vegas, Nevada. By year-end, distribution was increased and changed to weekly frequency.

Specialized Publications

Five years ago, the Company's specialized publishing operations represented 58 percent of total publishing revenues and 50 percent of operating income. In 1991, specialized publishing revenues were 50 percent of all publishing revenues and operating profits accounted for only 25 percent of the total. Revenues were down nearly 8 percent from 1990 and profits declined substantially.

The Diversified Publishing Group (formerly ABC Publishing) is comprised of eight operating units and accounts for over 60 percent of specialized publishing's total revenues and profits. The Diversified Publishing Group's profits declined significantly from 1990 levels with all eight operating units reporting declines. The economic climate accounted for much of the revenue shortfall, and together with higher postal costs resulted in a continued lowering of operating margins. Cost cutting measures were instituted to reduce the effects of these factors. In May, Robert G. Burton, the Group's President since 1981, resigned, and Ann Maynard Gray was named its President. Ms. Gray, who joined ABC in 1973, was most recently Senior Vice President, Finance of the ABC Television Network Group.

Chilton Company's business publications and book operations were adversely affected by the recessionary environment leading to material declines in revenues and earnings. In 1991, Chilton sold *Electronic News* and closed down *Garden Supply Retailer* and *Decorative Products World*. Two of its business magazines won the coveted Jesse H. Neal certificates of merit for editorial excellence: *Automotive Industries* and *Jewelers' Circular-Keystone*. The Chilton Book Company began to develop a PC-based automotive service information system using CD-ROM as the delivery medium. Chilton Research reported modest earnings gains and is performing the exit polling for the presidential primaries and general election for ABC, CBS, NBC and CNN.

Professional Exposition Management Company (PEMCO) joined the top ten list of trade show managers. PEMCO's mix of computer shows, industrial shows and consumer shows serves to minimize serious exposure in any one industry. In conjunction with Chilton, PEMCO announced a new jewelry trade show for 1992 and received immediate acceptance worldwide.

Word, Inc., a leading inspirational communications company, ventured into the children's arena to provide imaginative high-quality educational products reflecting the spiritual and ethical morals of the Christian world. At the Gospel Music Association's Dove Awards, Word's artists won 16 awards including "Female Vocalist of the Year," which went to Sandi Patti for the tenth consecutive year. In addition to the adverse effects of the economic climate, non-recurring expenses caused 1991 earnings to be severely affected.

The Agricultural Group acquired 12 state farm magazines and several farm shows from Harcourt Brace Jovanovich. This acquisition positioned the Agricultural Group as the industry leader and also strengthened its database business. Farmers cut back sharply on capital expenditures, causing equipment and automotive companies to reduce advertising expenditures, resulting in lower earnings for the group.

NILS (National Insurance Law Service) introduced INSOURCE, a CD-ROM based product that provides all the search capabilities that a researcher would require and includes the current and related insurance laws for all 50 states and U.S. territories. Initial unit sales have been much better than anticipated.

The Communications and Commodities Group completed its first full year as part of the Diversified Publishing Group with *Video Business* attaining record revenues and profits for the year. *Recycling Manager*, a weekly newsletter targeted to the recycling industry, was launched in 1991 as a companion to *American Metal Market*. *Multichannel News*, *Cablevision* and *CED* which serve the broadcast and cable markets all had difficult years. *CED* was hardest hit due to the lack of capital expenditures in the cable market.

Los Angeles magazine experienced a difficult year as did most other city/regional magazines. Two competitors ceased publication in 1991. *Los Angeles* magazine has negotiated a new printing contract and reduced personnel to help reduce the effects of the severe revenue decline.

Hitchcock publishes trade magazines for the manufacturing industry and in general had a difficult year. *Quality* has been hit hard due to the slumps experienced by defense contractors and automotive-related manufacturers. *Office Products Dealer*, while down in revenues, made gains in market share due to the closing of a competitor. *Process Industries Quality* published its first quarterly issue in 1991, achieving all projected financial goals.

The Fairchild Fashion and Merchandising Group operated in the most severely depressed retailing climate in recent years. Revenue declined nearly 10 percent for the year and operating earnings declined very significantly. There were signs that after 18 difficult months Fairchild's business had stabilized, as revenues for the fourth quarter were up slightly from the previous year. Vigorous cost cutting offset part of the revenue decline. By year-end, total employee count was down more than 8 percent from late 1990 levels.

The fashion trades, *Women's Wear Daily*, *Daily News Record*, *Footwear News* and *SportStyle* all suffered significant revenue declines, while *Supermarket News* performed well. *Home Furnishings Daily* reported a moderate decrease in revenues. *WWD* and *DNR* were particularly hard hit in the classified advertising area. *W* continues to sell more retail ad pages than any of its competitors. The well-known columnist "Suzy" was added to *W* and *WWD*. *M* magazine, which merged with *Manhattan, inc.* in September 1990, has been successful in focusing its product and was able to increase market share during 1991. The men's fashion field continued to be a severely depressed segment of the economy.

In February 1991, *W Fashion Life*, the first Pan-European fashion lifestyle publication, was launched. Ten issues were published in English, French, Italian and German in 1991 and ten are planned for 1992. Revenues exceeded expectations, and the product received very favorable reviews from advertisers and readers alike. Translation and associated production costs, however, exceeded anticipated levels. Special advertising sections will be added in 1992.

In May, Fairchild, which had been housed in three separate locations, moved to new offices. All ten publications will operate out of a centralized art department with 70 percent of all pages being designed on computer screens. By mid-1992, computer pagination for all Fairchild publications will be implemented.

Revenues for the Financial Services and Medical Group increased by 5 percent, and operating earnings were up substantially, reversing a three-year decline in operating income. At Institutional Investor, operating income improved on a revenue gain of 2 percent primarily due to continuing cost containment. A significant recovery in securities industry advertising was more than offset by continued declines in the banking, technology, and corporate sectors. The company successfully launched *The Journal of Fixed Income*, its first new journal in 17 years. *Institutional Investor* received an Overseas Press Club Award and an Overseas Press Club Citation.

Revenues and operating income at the International Medical News Group and Mercury Press increased substantially in 1991, respectively, reversing a two-year decline. International Medical News Group publications gained market share, and three new single-subject supplements were launched successfully. Management changes made late in 1990 provided effective new leadership at the International Medical News Group.

Financial Overview

Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations — 1991 Compared to 1990

Consolidated net revenues for 1991 were $5,381,989,000, down slightly from the $5,385,602,000 reported in 1990. Virtually all of the Company's advertiser-supported businesses were adversely affected by the ongoing recessionary environment. Broadcasting net revenues for 1991 were $4,329,743,000, compared with $4,283,633,000 in 1990, a 1% increase. Publishing Group net revenues decreased 5%, from $1,101,969,000 in 1990 to $1,052,246,000 in 1991.

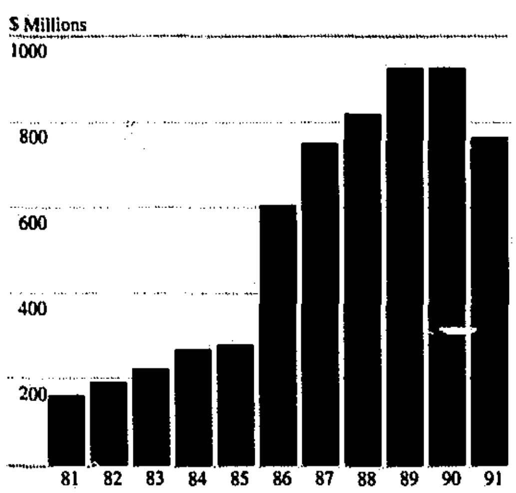
Net revenues for the ABC Television Network were up slightly from 1990. Incremental revenues from the telecasts of Super Bowl XXV and the new post-season NFL Wild Card playoff games were offset by the overall weakness in national advertising demand. Television stations and radio operations also reported modest revenue declines. Video operations reported significant revenue increases, primarily due to the continued growth of ESPN's subscriber base. Publishing revenues decreased 5%, primarily due to advertising declines at the specialized publications as well as the effect of prior year dispositions. Excluding the effect of 1990 and 1991 acquisitions, dispositions and start-ups, the Publishing Group's net revenues declined 3% in 1991.

Total costs and expenses for 1991 were $4,620,756,000, compared with $4,462,387,000 in 1990, a 4% increase. Broadcasting costs in 1991 increased 6% from 1990. Expenses for the ABC Television Network increased moderately, primarily as a result of the rights costs and production expenses associated with the telecasts of the Super Bowl and the NFL Wild Card playoff games, and the effect of new business activities. Excluding these factors, television network costs were up less than 2% from 1990. Costs at the video operations increased modestly as a result of increased programming expenses, while costs for the television stations and radio operations were virtually flat with 1990. Costs and expenses in 1991 for the Company's publishing operations decreased 4% from 1990, primarily as a result of reduced advertising volume and declines in newsprint pricing. Excluding the effect of 1990 and 1991 acquisitions, dispositions and start-ups, Publishing Group expenses decreased 2% from 1990.

Operating income for 1991 was $761,233,000, compared with $923,215,000 in 1990, an 18% decline. Broadcasting operating income decreased 19% from 1990, with the ABC Television Network reporting a substantial decline in operating earnings. The television station and radio operations' operating income also declined in 1991, while video operations reported a significant increase in earnings. Publishing earnings declined 7% in 1991, with small gains for the newspapers offset by significant declines at the specialized publications. Excluding the effect of 1990 and 1991 acquisitions, dispositions and start-ups, publishing operating earnings decreased 9% in 1991.

Net financial expense (interest expense less interest income) for 1991 increased

Operating Income



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$6,079,000 from 1990. The increase was attributable to higher interest expense on increased long-term debt due to the issuance of $250,000,000 of 8⅞% notes in December 1990 and $250,000,000 of 8¾% debentures in August 1991, partially offset by increased interest income due to a greater level of short-term investments and the November 1991 redemption of $500,000,000 of debentures. Interest of $13,557,000 and $13,802,000 was capitalized in 1991 and 1990, respectively. The Company's effective tax rate was 43.4% in 1991 and 43.0% in 1990.

Consolidated income before the extraordinary charge for 1991 was $374,696,000, compared with $477,780,000 earned in 1990. Income per share before an extraordinary charge for 1991 was $22.33, a decline of 19% from the $27.71 reported in 1990. Average shares outstanding in 1991 were 16,780,000 compared with 17,240,000 in 1990, the decline reflecting repurchases of the Company's common stock during 1990 and 1991.

During the fourth quarter of 1991, the Company redeemed $200,000,000 of 11¾% subordinated debentures due 2013 and $300,000,000 of 11⅝% debentures due 2015. In addition, on January 3, 1992, the Company redeemed $187,500,000 of 10.8% Senior Notes due in 1993 and 1994. An extraordinary charge of $31,203,000 (net of income taxes), or $1.86 per share, resulted from these transactions. These redemptions will result in lower net interest expense in future periods.

Results of Operations — 1990 Compared to 1989

Consolidated net revenues for 1990 were $5,385,602,000, compared with $4,957,394,000 in 1989, a 9% increase. Broadcasting net revenues for 1990 were $4,283,633,000, compared with $3,899,989,000 in 1989, representing a 10% increase. Publishing Group net revenues increased 4%, from $1,057,405,000 in 1989 to $1,101,969,000 in 1990.

Net revenues in 1990 for the ABC Television Network increased 8%, compared with 1989. Strong television network revenue gains in the first eight months of 1990 were moderated by a weak scatter market for the balance of the year and by the absence of the telecast of the World Series in 1990. Television station and radio operations reported modest revenue gains in 1990. The video operations reported significant revenue increases, primarily due to ESPN's first year coverage of Major League Baseball and its new National Football League contract. Publishing revenues increased 4%, with most of the increase resulting from 1990 acquisitions. Excluding the effect of 1989 and 1990 acquisitions and dispositions, the Publishing Group's net revenues were 2% higher in 1990.

Total costs and expenses for 1990 were $4,462,387,000, compared with $4,034,882,000 in 1989, an 11% increase. Excluding purchase price adjustments, total costs and expenses for the Company increased 8% from 1989. Broadcasting costs in 1990 (excluding purchase price adjustments) increased 10% from 1989. Costs and expenses for the ABC Television Network increased moderately, primarily as a result of higher prime-time programming costs and ABC News production and news-gathering expenses. Costs for the Company's video operations increased very significantly, primarily due to the cost of the program rights and production expenses for coverage by ESPN of Major League Baseball. Costs of the Company's television station and radio operations increased moderately, principally due to higher programming and news department expense and the inclusion of Satellite Music Network, Inc., which was acquired in August 1989. Costs and expenses in 1990 for the Company's publishing operations increased 5% from 1989. Excluding the effect of 1989 and 1990 acquisitions, dispositions and start-ups, publishing expenses increased only 2% from

1989. Publishing expenses were favorably impacted in 1990 by the reduced cost of newsprint and were unfavorably impacted by charges incurred in connection with the reorganization of the specialized publications operations.

Operating income for 1990 was $923,215,000, compared with $922,512,000 in 1989. Broadcasting earnings declined slightly in 1990. The ABC Television Network reported a slight decline in operating income after including the effect of purchase price adjustments in both years. Excluding the effect of purchase price adjustments in both years, the ABC Television Network reported a significant profit improvement in 1990 over 1989. Television station earnings increased moderately in 1990, while earnings for the video operations declined as a result of losses incurred at ESPN in its first year of coverage of Major League Baseball. Radio operations declined slightly in a difficult sales environment. Publishing earnings improved slightly in 1990, with gains by the daily newspapers being partially offset by declines at several of the specialized publications as well as a one-time $4,000,000 charge incurred in connection with the reorganization of the specialized publications operations.

Results for 1990 and 1989 reflect a reduction in entertainment programming and sports rights at the ABC Television Network from historic costs to fair market values recorded in connection with the acquisition of ABC of $8,500,000 and $92,000,000, respectively. These reduced costs (net of income taxes) benefited per share earnings by $0.30 and $3.10 in 1990 and 1989, respectively. The Company anticipates the effect of such reductions will be immaterial in 1991 and thereafter. Results for 1990 and 1989 also include a charge of $3.71 per share and $3.57 per share, respectively, for amortization of intangible assets.

Net financial expense (interest expense less interest income) for 1990 increased $2,314,000 from 1989. This slight net increase resulted mainly from reduced interest income due to lower interest rates on invested cash. Interest of $13,802,000 and $11,183,000 was capitalized in 1990 and 1989, respectively. The Company's effective tax rate was 43.0% in 1990 and 42.9% in 1989.

Earnings per share for 1990 were $27.71, a 2% gain over the $27.25 reported in 1989. Consolidated net income for 1990 amounted to $477,780,000, a decrease of 2% from the $485,727,000 earned in 1989. Average shares outstanding for 1990 were 17,240,000, compared with 17,825,000 in 1989, the decrease reflecting repurchases of common stock during 1989 and 1990.

Cash and Cash Flows

In 1991, the Company's cash provided by operating activities was $587,548,000, an increase of $6,159,000 from 1990. The increase was primarily attributable to substantially decreased net investment in program licenses and rights, offset by lower net income. The decline in net investment in program licenses and rights resulted primarily from the amortization of sports rights in excess of actual cash payments for the ABC Television Network, which is expected to reverse itself over the next two years.

In 1991, cash from investing activities was $14,469,000, an increase of $1,020,105,000 from 1990. The increase in cash from investing activities came as a result of a reduction in short-term investments of $187,143,000 in 1991 compared with an increase of $797,401,000 in such investments in 1990. These investments are all highly liquid short-term United States Government securities. In addition, acquisitions of operating properties and other miscellaneous investment activities were lower in 1991 than in 1990.

In 1991, cash used for financing activities was $439,011,000, an increase of

$285,293,000 from the $153,718,000 in 1990. The increase was primarily due to a significant increase in long-term debt repayments and redemptions, partially offset by reduced repurchases of the Company's common stock.

At December 31, 1991, cash and short-term cash investments were $726,045,000, an increase of $163,006,000 from the prior year. However, after the inclusion of short-term investments, the balance at December 31, 1991 aggregated $1,336,303,000, a decrease of $24,137,000 from $1,360,440,000 at December 31, 1990. The Company's policy is very conservative with respect to investment of its cash. At December 31, 1991, all of the Company's cash was invested in highly-liquid United States Government investments with a weighted average life to maturity of 90 days. The Financial Accounting Standards Board requirements arbitrarily define cash equivalents as those investments with maturities at the date of purchase of three months or less. At December 31, 1991, $610,258,000 of the Company's investments did not meet the definition of a cash equivalent and are therefore classified in the consolidated financial statements as short-term investments. The Company believes that this distinction is not meaningful with respect to the statement of its cash and cash equivalents position.

In the first week of January 1992, the Company's cash was reduced by approximately $290,000,000 due to a required repayment and early redemption of the balance of its outstanding 10.8% Senior Notes.

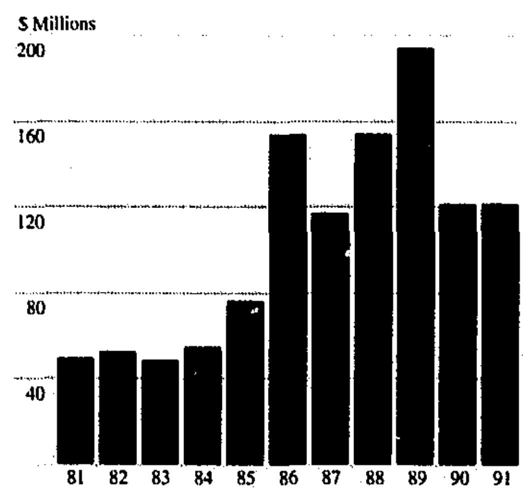
Capital Expenditures and Program Commitments

In 1991, capital expenditures amounted to $120,998,000, up slightly from the $120,812,000 spent in 1990. The largest portion of the 1991 spending was in the Company's broadcasting operations where $106,300,000 was spent. Broadcasting capital expenditures included $20,900,000 for transponders at ESPN and the ABC Radio Networks, $26,600,000 for facilities improvements and $58,000,000 for broadcast equipment to support current operations. In 1991, the Publishing Group spent $13,900,000 for ongoing operations.

The Company anticipates that 1992 capital expenditures will also approximate $120,000,000. This amount includes $33,000,000 for facilities improvements and $6,000,000 for transponders at ESPN. Expenditures for broadcast and publishing equipment to support ongoing operations are expected to be $81,000,000, which is less than annual depreciation expense.

As the operator of the ABC Television Network, ESPN and eight television stations, the Company expects to continue to enter into programming commitments to purchase the broadcast rights for various feature films, sports and other programming. Total commitments to purchase broadcast programming were approximately $2,835,000,000 at the end of 1991. This amount is substantially payable over the next four years. The Company plans to fund its operations and commitments from internally generated funds and, if needed, from various external sources of funds which are available.

Capital Expenditures



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Capital Structure

The Company's capital structure is made up of four components: stockholders' equity, interest-bearing debt, minority interest and deferred income taxes.

Stockholders' equity amounted to $3,654,833,000 at December 31, 1991, an increase of $286,936,000 from the 1990 year-end total of $3,367,897,000. The increase was primarily attributable to the addition of $343,493,000 of net income and $30,50[illegible],000 from common stock issued under Employee Stock Plans, offset by $83,714,000 of purchases of common stock to be held as treasury shares.

At December 31, 1991, total interest-bearing debt was $1,602,259,000, a net decrease of $345,131,000 from 1990. During 1991, the Company issued $250,000,000 of 8¾% debentures due August 15, 2021. The net proceeds from the sale of these unsecured debentures were used for general corporate purposes. In the fourth quarter of 1991, pursuant to provisions under their respective indentures, the Company redeemed $200,000,000 of its 11¼% subordinated debentures due 2013 and $300,000,000 of its 11⅝% debentures due 2015. In 1991, and again in January 1992, the Company made a sinking fund payment of $93,750,000 as required by the terms of its 10.8% Senior Notes. In addition, in January 1992, the Company redeemed the remaining $187,500,000 of these Senior Notes at a price of 104% of par.

As more fully described in Note 6 to the Consolidated Financial Statements, total interest-bearing debt at December 31, 1991 includes $100,000,000 of commercial paper supported by a $1,000,000,000 bank revolving credit agreement, $1,481,250,000 of public and privately-placed notes and debentures and $21,009,000 of other long-term debt. At December 31, 1991, the weighted average interest rates of the commercial paper and of all other long-term instruments was 4.8% and 9.3%, respectively.

Following the January 1992 repayment and redemption, the weighted average interest rate of all other long-term instruments was 9.0%. The Company plans to fund the repayment of its debt from internally generated funds and, if needed, from various external sources of funds which are available.

The Company's debt to total capital ratio at the end of each of the last five years was as follows:

(Dollars in millions)	Debt	Total capital	Ratio
1991	$1,602.3	$5,521.2	29%
1990	$1,947.4	$5,542.5	35%
1989	$1,695.1	$5,221.9	32%
1988	$1,693.5	$4,948.5	34%
1987	$1,696.9	$4,128.9	41%

After reflecting the January 1992 payment and redemption of the $281,250,000 of 10.8% Senior Notes, the Company's debt to total capital ratio was 25%.

The Company's return on average stockholders' equity was 10.7% in 1991 and 14.3% in 1990. The decreased return in 1991 was primarily attributable to the 22% decline in income before extraordinary items.

Since 1988, the Board of Directors of the Company has authorized the repurchase of up to 2,000,000 shares of the Company's common stock. The repurchases are made from time to time in the open market at prices then prevailing. As of February 28, 1992, the Company has repurchased 1,667,300 shares of its common stock under this authorization for a total cost of $761,400,000, at an average cost of $457 per share.

Intangible Assets

At December 31, 1991, the Company's intangible assets, before accumulated amortization, totaled $2,525,057,000, which accounted for approximately 36% of the Company's total assets.

Intangible assets represent the excess of the purchase price over the underlying fair market value of tangible assets acquired. In accordance with *Accounting Principles Board Opinion No. 17*, the Company amortizes substantially all intangible assets over 40 years. This practice is arbitrarily mandated by *Opinion No. 17* without regard to whether these assets have or have not declined in value.

All of the Company's intangible assets have resulted from the acquisition of broadcasting and publishing properties. Historically, such intangible assets have substantially increased in value and have long and productive lives. We believe that the Company's intangible assets have appreciated in value, and that the requirements of *Opinion No. 17* when applied to such publishing and broadcasting assets understate net income and stockholders' equity. The amortization of intangible assets had the effect of reducing 1991 net income by $62,331,000, or $3.71 a share. The amortization of substantially all intangible assets is not a deductible item in computing income taxes.

Financial Summary 1981-1991

(Dollars in thousands except per share data)

	[illegible]	[illegible]	[illegible]
RESULTS FOR THE YEAR			
Net revenues			
Broadcasting	[illegible]	[illegible]	[illegible]
Publishing	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]
Operating income			
Broadcasting	[illegible]	[illegible]	[illegible]
Publishing	[illegible]	[illegible]	[illegible]
Income from operations	[illegible]	[illegible]	[illegible]
General corporate expense	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]
Income before extraordinary items (a)	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible] (b)	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Capital expenditures	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	[illegible]	[illegible]	[illegible]
Total assets	[illegible]	[illegible]	[illegible]
Long-term debt	[illegible]	[illegible]	[illegible]
Stockholders' equity	[illegible]	[illegible]	[illegible]
Number of shares outstanding (000's omitted)	[illegible]	16,759	17,534
Price range of common stock			
Closing market price	[illegible]	[illegible]	[illegible]
High for the year	503½	633	568
Low for the year	357½	380	353

(a) Extraordinary items amounted to a charge of $31,203,000 ($1.86 per share) in 1991, and gains of $265,746,000 ($16.35 per share) in 1986 and $7,585,000 ($0.58 per share) in 1984.

(b) Income before extraordinary items divided by average stockholders' equity.

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	1988	1987	1986	1985	1984	1983	1982	1981
	$3,749,557	$3,433,749	$3,153,619	$ 378,297	$ 348,106	$ 302,785	$274,298	$214,498
	1,023,896	1,006,597	970,755	642,583	591,616	459,510	389,282	359,286
	4,773,453	4,440,346	4,124,374	1,020,880	939,722	762,295	663,580	573,784
	$ 722,171	$ 632,910	$ 474,535	$ 150,970	$ 144,182	$ 124,696	$117,906	$ 99,134
	129,720	146,717	158,999	138,512	133,179	104,034	79,010	67,520
	851,891	779,627	633,534	289,482	277,361	228,730	196,916	166,654
	(35,862)	(33,637)	(30,856)	(11,981)	(9,849)	(8,366)	(7,128)	(7,468)
	816,029	745,990	602,678	277,501	267,512	220,364	189,788	159,186
	$ 387,076	$ 279,078	$ 181,943	$ 142,222	$ 135,193	$ 114,704	$ 96,317	$ 80,518
	$22.31	$16.46	$11.20	$10.87	$10.40	$8.53	$7.25	$6.12
	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$ 0.20	$0.20	$0.20	$0.20
	17,350	16,950	16,250	13,080	13,000	13,455	13,280	13,150
	14.7%	13.4%	9.7%	17.5%	19.9%	19.6%	19.5%	20.1%
	$ 558,633	$ 468,380	$ 268,162	$ 223,296	$ 196,600	$ 169,363	$137,529	$108,208
	500	—	1,350,507	493,329	18,065	202,527	1,944	111,640
	19,072	—	703,378	7,222	5,000	3,200	—	13,808
	$ 18,143	$ 13,248	$3,162,661	$ 51,109	$ 146,843	$ 22,016	$ 21,588	$157,128
	3,644	576	1,075	484	46,135	43,619	676	125
	153,413	116,309	153,082	75,384	53,866	47,595	51,651	48,634
	3,458	124,904	367,528	7,872	16,030	32,766	55,867	67,935
	3,427	3,231	3,219	2,595	2,570	2,656	2,627	2,603
	$1,504,954	$ 640,574	$ 416,230	$ 830,986	$ 240,985	$ 265,847	$ 16,353	$ 4,288
	6,088,871	5,378,372	5,191,416	1,884,931	1,208,172	1,052,912	776,013	697,620
	1,693,543	1,696,901	1,821,805	714,298	222,995	220,960	48,449	102,372
	3,025,505	2,224,921	1,948,627	889,260	734,455	625,255	544,267	443,822
	17,999	16,193	16,126	12,998	12,867	1[illegible],103	13,180	13,025
	$362¼	$345	$267½	$224½	$164⅝	$144	$119⅝	$73¾
	369¾	450	279¾	229	174½	157½	136¾	80½
	297	267¼	208¼	152¼	123½	114¾	64⅜	56½

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Consolidated Statement of Income

Years ended December 31, 1991, 1990 and 1989
(Dollars in thousands except per share amounts)

	1991	1990	1989
Net revenues	**$5,381,989**	$5,385,602	$4,957,394
Costs and expenses			
Direct operating expenses	**3,463,628**	3,256,273	2,867,518
Selling, general and administrative	**998,760**	1,046,454	1,009,765
Depreciation	**96,037**	95,675	93,965
Amortization of intangible assets	**62,331**	63,985	63,634
	4,620,756	4,462,387	4,034,882
Operating income	**761,233**	923,215	922,512
Other income (expense)			
Interest expense	**(179,347)**	(168,859)	(174,417)
Interest income	**98,784**	94,375	102,247
Miscellaneous, net	**(18,474)**	(10,951)	785
	(99,037)	(85,435)	(71,385)
Income before income taxes	**662,196**	837,780	851,127
Income taxes			
Federal	**233,600**	285,500	295,100
State and local	**53,900**	74,500	70,300
	287,500	360,000	365,400
Income before extraordinary charge	**374,696**	477,780	485,727
Extraordinary charge, net of income taxes	**(31,203)**	—	—
Net income	**$ 343,493**	$ 477,780	$ 485,727
Income per share before extraordinary charge	**$22.33**	$27.71	$27.25
Extraordinary charge per share	**(1.86)**	—	—
Net income per share	**$20.47**	$27.71	$27.25
Average shares outstanding (000's omitted)	**16,780**	17,240	17,825

See accompanying notes

Consolidated Statement of Cash Flows

Years ended December 31, 1991, 1990 and 1989
(Dollars in thousands)

	1991	1990	1989
Cash flows from operating activities			
Net income	**$ 343,493**	$ 477,780	$ 485,727
Adjustments to reconcile net income to net cash			
Noncash and nonoperating items			
Depreciation	**96,037**	95,675	93,965
Amortization of intangible assets	**62,331**	63,985	63,634
(Decrease) increase in deferred liabilities	**(39,897)**	14,040	57,058
Extraordinary charge, early debt redemption	**50,218**	—	—
Other noncash items	**19,715**	21,225	885
Cash from operations before changes in operating assets and liabilities	**531,897**	672,705	701,269
Decrease (increase) in program assets and liabilities, net	**171,371**	(43,530)	(154,472)
(Increase) in accounts receivable	**(13,151)**	(39,371)	(86,692)
(Decrease) increase in accounts payable, accrued expenses and other current liabilities	**(102,171)**	5,148	30,267
(Increase) in other operating assets, net	**(398)**	(13,563)	(30,537)
Net cash provided by operating activities	**587,548**	581,389	459,835
Cash flows from investing activities			
Capital expenditures	**(120,998)**	(120,812)	(193,542)
Acquisition of operating companies	**(48,733)**	(61,983)	(81,465)
Decrease (increase) in short-term investments	**187,143**	(797,401)	—
Other investing activities, net	**(2,943)**	(25,440)	40,910
Net cash provided by (used in) investing activities	**14,469**	(1,005,636)	(234,097)
Cash flows from financing activities			
Common stock purchased for treasury	**(83,7[illegible]4)**	(446,724)	(232,849)
Common stock issued under Employee Stock Plans	**30,503**	48,398	17,015
Dividends	**(3,346)**	(3,417)	(3,538)
Proceeds from issuance of long-term debt	**253,922**	250,500	2,200
Reduction of long-term debt	**(599,302)**	(2,475)	(1,556)
Premium on early redemption of debt	**(37,074)**	—	—
Net cash (used in) financing activities	**(439,011)**	(153,718)	(218,728)
Net increase (decrease) in cash and short-term cash investments	**163,006**	(577,965)	7,010
Cash and short-term cash investments			
Beginning of period	**563,039**	1,141,004	1,133,994
End of period	**$ 726,045**	$ 563,039	$1,141,004

See accompanying notes

Consolidated Balance Sheet

December 31, 1991 and 1990
(Dollars in thousands)

Assets	**1991**	**1990**
Current assets		
Cash and short-term cash investments	**$ 726,045**	$ 563,039
Short-term investments	**610,258**	797,401
Accounts and notes receivable (net of allowance for doubtful accounts of $38,302 in 1991 and $37,840 in 1990)	**841,440**	828,341
Program licenses and rights	**426,705**	408,381
Other current assets	**219,443**	219,229
Total current assets	**2,823,891**	2,816,391
Property, plant and equipment, at cost		
Land	**403,482**	403,338
Buildings and improvements	**633,859**	621,470
Broadcasting and publishing equipment	**689,517**	622,521
Other, including construction-in-progress	**234,654**	213,731
	1,961,512	1,861,060
Less accumulated depreciation	**618,237**	539,469
Property, plant and equipment, net	**1,343,275**	1,321,591
Intangible assets (net of accumulated amortization of $413,781 in 1991 and $354,404 in 1990)	**2,111,276**	2,177,818
Program licenses and rights, noncurrent	**176,301**	204,306
Other assets	**240,969**	176,081
	$6,695,712	$6,696,187

See accompanying notes

Liabilities and Stockholders' Equity	1991	1990
Current liabilities		
Accounts payable	$ 115,806	$ 108,873
Accrued compensation	81,308	86,513
Accrued interest	45,675	55,941
Accrued expenses and other current liabilities	217,350	209,189
Program licenses and rights	320,930	145,130
Taxes on income	101,181	194,199
Long-term debt due within one year	284,860	96,602
Total current liabilities	1,167,110	896,447
Deferred compensation	94,653	164,143
Deferred income taxes	183,740	154,147
Program licenses and rights, noncurrent	36,257	50,367
Other liabilities	161,332	139,323
Long-term debt due after one year	1,317,399	1,850,788
Total liabilities	2,960,491	3,255,215
Minority interest	80,388	73,075
Stockholders' equity		
Preferred stock, no par value (4,000,000 shares authorized)	—	—
Common stock, $1 par value (80,000,000 shares authorized)	18,394	18,394
Additional paid-in capital	1,017,195	998,570
Retained earnings	3,397,892	3,057,745
	4,433,481	4,074,709
Less common stock in treasury, at cost (1,754,825 shares in 1991 and 1,634,361 shares in 1990)	778,648	706,812
Total stockholders' equity	3,654,833	3,367,897
	$6,695,712	$6,696,187

Consolidated Statement of Stockholders' Equity

Years ended December 31, 1991, 1990 and 1989
(Dollars in thousands)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total
Balance January 1, 1989	$18,394	$ 961,647	$2,101,193	$ (55,729)	$3,025,505
Net income for 1989	—	—	485,727	—	485,727
20,930 shares issued under Incentive Compensation Plan	—	4,593	—	2,900	7,493
22,246 shares issued under Employee Stock Purchase Plan	—	3,744	—	2,917	6,661
14,705 shares issued on exercise of employee stock options	—	922	—	1,939	2,861
523,441 shares purchased for treasury	—	—	—	(232,849)	(232,849)
Cash dividends	—	—	(3,538)	—	(3,538)
Balance December 31, 1989	18,394	970,906	2,583,382	(280,822)	3,291,860
Net income for 1990	—	—	477,780	—	477,780
4,566 shares issued under Incentive Compensation Plan	—	1,903	—	595	2,498
104,679 shares issued under Employee Stock Purchase Plan	—	22,528	—	13,509	36,037
50,411 shares issued on exercise of employee stock options	—	3,233	—	6,630	9,863
934,384 shares purchased for treasury	—	—	—	(446,724)	(446,724)
Cash dividends	—	—	(3,417)	—	(3,417)
Balance December 31, 1990	18,394	998,570	3,057,745	(706,812)	3,367,897
Net income for 1991	—	—	343,493	—	343,493
67,298 shares issued under Employee Stock Purchase Plan	—	17,475	—	8,970	26,445
21,683 shares issued on exercise of employee stock options	—	1,150	—	2,908	4,058
209,445 shares purchased for treasury	—	—	—	(83,714)	(83,714)
Cash dividends	—	—	(3,346)	—	(3,346)
Balance December 31, 1991	$18,394	$1,017,195	$3,397,892	$(778,648)	$3,654,833

See accompanying notes

Notes to Consolidated Financial Statements

1. Accounting Policies

Principles of Consolidation — The consolidated financial statements include the accounts of all significant subsidiaries. Investments in other companies which are at least 20% owned are reported on the equity method. All significant intercompany accounts and transactions have been eliminated.

Property, Plant and Equipment — Depreciation – Depreciation is computed on the straight-line method for financial accounting purposes and on accelerated methods for tax purposes. Estimated useful lives for major asset categories are 10-55 years for buildings and improvements, 4-20 years for broadcasting equipment and 5-20 years for publishing machinery and equipment. Leasehold improvements are amortized over the terms of the leases.

Intangible Assets — Intangible assets consist of amounts by which the cost of acquisitions exceeded the values assigned to net tangible assets. The broadcasting and publishing intangible assets, all of which may be characterized as scarce assets with very long and productive lives, have historically increased in value with the passage of time. In accordance with *Accounting Principles Board Opinion No. 17*, substantially all of these intangible assets are being amortized over periods of up to 40 years, even though in the opinion of management there has been no diminution of value of the underlying assets.

Program Licenses and Rights — Program licenses and rights and the related liabilities are recorded when the license period begins and the program is available for use. Television network and station rights for theatrical movies and other long-form programming are charged to expense primarily on accelerated bases related to the usage of the program. Television network series costs and multi-year sports rights are charged to expense based on the flow of anticipated revenue.

Postretirement Benefits Other Than Pensions — In December 1990, *Financial Accounting Standards Board Statement No. 106* was issued which requires a change in the method of accounting for postretirement benefits other than pensions. This standard must be implemented by 1993. A preliminary evaluation by the Company indicated the impact of adoption on the consolidated financial statements will not be material.

Short-Term Investments — Short-term investments consist of highly liquid U.S. Government instruments with original maturities in excess of three months and are carried at cost, which approximates market. Short-term investments which have a maturity of three months or less at the time of purchase are considered cash equivalents.

2. Acquisitions

During 1991, the Company through ESPN acquired a 50 percent interest in the European Television Networks, which includes The European Sports Network (previously 25 percent owned by ESPN) and other related activities and also acquired two small publishing operations. The combined cash purchase price for these acquisitions was $48,733,000. During 1990 and 1989, the Company completed a number of acquisitions for a combined cash purchase price of $61,983,000 and $81,465,000, respectively.

Notes to Consolidated Financial Statements—(Continued)

3. Income Per Share

The calculation of average common shares and common share equivalents outstanding during the year is as follows (000's omitted):

	1991	1990	1989
Common shares	16,752	17,185	17,753
Stock options	28	55	72
Total	16,780	17,240	17,825

4. Shareholder Rights Plan

In 1989, the Company adopted a Shareholder Rights Plan. The Plan becomes operative in certain events involving the acquisition of 20% or more of the Company's common stock by any person or group in transactions not approved by the Company's Board of Directors. In the case of Berkshire Hathaway Inc., pursuant to an existing agreement, the threshold for activation of the Rights Plan is the acquisition of more than 30% of the Company's common stock.

Upon the occurrence of such an event, each Right, unless redeemed by the Board, entitles its holder to purchase at the Right's exercise price of $2,000 a number of common shares of the Company, or in certain circumstances the acquiring company's common shares, having a market value of twice that price. The Rights expire in 1999.

5. Commitments

At December 31, 1991, the Company is committed to the purchase of broadcast rights for various feature films, sports and other programming aggregating approximately $2,835,000,000. The aggregate payments related to these commitments during the next five years are summarized as follows:

1992 — $1,275,957,000; 1993 — $787,304,000; 1994 — $ 441,114,000; 1995 — $214,150,000; 1996 — $ 81,258,000.

The Company anticipates 1992 capital expenditures for property, plant and equipment will approximate $120,000,000.

Rental expense under operating leases amounted to $93,089,000, $90,098,000 and $86,498,000 for 1991, 1990 and 1989, respectively. Future minimum annual rental payments under noncancelable leases are as follows (000's omitted):

	Capital leases	Operating leases
1992	$ 8,007	$ 72,574
1993	7,648	54,693
1994	7,393	40,106
1995	7,173	33,304
1996	6,794	29,653
1997 and thereafter	139,836	173,744
Minimum lease payments	176,851	$404,074
Imputed interest	(122,675)	
Present value of minimum lease payments	$ 54,176	

Total minimum payments for operating leases have not been reduced for future minimum sublease rentals aggregating $42,499,000.

6. Long-Term Debt

Long-term debt at December 31, 1991 and 1990 is as follows (000's omitted):

	1991	1990
Commercial paper supported by bank revolving credit agreement	$ 100,000	$ 100,000
10.8% Senior Notes due 1994, with annual sinking fund payments of $93,750 beginning in 1991	281,250	375,000
8¼% notes due 1996	200,000	200,000
10½% notes due 1997	200,000	200,000
8⅞% notes due 2000	250,000	250,000
8¾% debentures due 2016, with annual sinking fund payments of $12,000 beginning in 1997	300,000	300,000
8¾% debentures due 2021	250,000	—
11¾% subordinated debentures due 2013	—	200,000
11⅞% debentures due 2015	—	300,000
Other long-term debt	21,009	22,390
	$1,602,259	$1,947,390

The aggregate payments of long-term debt outstanding at December 31, 1991, for the next five years, excluding commercial paper, are summarized as follows: 1992 – $284,860,000; 1993 – $3,169,000; 1994 – $3,449,000; 1995–$2,602,000; 1996–$202,638,000.

Interest paid on long-term debt during 1991, 1990 and 1989 amounted to $203,170,000, $182,177,000 and $185,894,000, respectively.

A subsidiary of the Company has issued commercial paper, $100,000,000 of which was outstanding at December 31, 1991, at a weighted average interest rate of 4.8%. The commercial paper is supported by a $1,000,000,000 bank revolving credit agreement terminating on June 30, 1992, unless otherwise extended.

Under terms of the bank revolving credit agreement, the Company and its consolidated subsidiaries are required to maintain a consolidated net worth of $1,997,829,000 at December 31, 1991, increasing annually by 33 percent of the consolidated net income of the previous year. The commercial paper outstanding at December 31, 1991, is classified as long-term, since the Company intends to renew or replace with long-term borrowings all, or substantially all, of the commercial paper. However, the amount of commercial paper outstanding in 1992 is expected to fluctuate and may be reduced from time to time.

The 8¾% debentures due 2016 are redeemable at the option of the Company, in whole or in part, at a declining premium to par until 2006 and at par thereafter; provided, however, that these debentures not be redeemed from, or in anticipation of, funds borrowed at certain specified lower interest rates for a period of ten years from their date of issuance. The 10½% notes and 8¼% notes are redeemable at par starting in 1992 and 1993, respectively. The 8⅞% notes and the 8¾% debentures due 2021 are not redeemable prior to maturity and are not subject to any sinking fund. During 1991, the Securities and Exchange Commission declared effective a shelf registration statement of the Company which allows for the issuance of up to $500,000,000 in additional debt securities.

In the fourth quarter of 1991, pursuant to provisions under their respective indentures, the Company redeemed the 11¾% subordinated debentures due 2013 and the 11⅞% debentures due 2015. In January 1992, the Company made a sinking fund payment of $93,750,000 as required by the terms of the 10.8% Senior Notes and also redeemed the remaining $187,500,000 of these Senior Notes at a price of 104% of par. An after-tax extraordinary charge of $31,203,000, or $1.86 per share, resulted from these redemptions.

The Company has unconditionally guaranteed the 8¼% notes, the 8¾% debentures which have been issued by a wholly-owned subsidiary, the commercial paper, and any borrowings which may be made by a subsidiary under the bank revolving credit agreement.

Notes to Consolidated Financial Statements—(Continued)

7. Employee Benefit Plans

The Company has defined benefit pension plans or qualified profit sharing plans covering substantially all of its employees not covered by union plans. The profit sharing plans provide for contributions by the Company in such amount as the Board of Directors may annually determine. Contributions to the profit sharing plans of $6,432,000, $6,700,000 and $6,786,000 were charged to expense in 1991, 1990 and 1989, respectively.

With respect to the defined benefit pension plans, the Company's policy is to fund amounts as are necessary on an actuarial basis to provide for benefits in accordance with the requirements of ERISA. Benefits are generally based on years of service and compensation. The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 9% at December 31, 1991 and 1990. The rate of increase in future compensation levels and the expected long-term rate of return on assets were 5% and 8%, respectively, in 1991 and 1990.

The components of net pension cost for 1991, 1990 and 1989 are as follows (000's omitted):

	1991	1990	1989
Service cost of current period	$ 14,419	$ 14,349	$ 12,460
Interest cost on projected benefit obligation	36,512	32,985	28,923
Actual return on plan assets	(72,147)	(1,494)	(54,328)
Net amortization and deferral	36,664	(34,789)	20,036
Net pension cost	$ 15,448	$ 11,051	$ 7,091

The following table sets forth the pension plans' funded status and amounts recognized in the balance sheet at December 31, 1991 and 1990 (000's omitted):

	1991	1990
Actuarial present value of accumulated plan benefits (including vested benefits of $352,804 in 1991 and $311,192 in 1990)	$ 366,267	$ 323,595
Plan assets at fair value, primarily publicly traded securities and short-term cash investments	$ 487,152	$ 436,490
Projected benefit obligation for service rendered to date	(434,335)	(393,723)
Plan assets in excess of projected benefit obligation	52,817	42,767
Prior service cost not yet recognized in net periodic pension cost	33,623	25,482
Unrecognized net gain from past experience different from that assumed	(71,467)	(36,172)
Unrecognized net asset (transition amount) being recognized principally over 15 years	(20,223)	(22,469)
(Accrued) prepaid pension cost included in balance sheet	$ (5,250)	$ 9,608

The Company also has a Savings & Investment Plan which allows eligible employees to allocate up to 10% of salary through payroll deduction among a Company stock fund, a diversified equity fund and a guaranteed income fund. The Company matches 50% of the employee's contribution, up to 5% of salary. In 1991, 1990 and 1989, the cost of this plan (net of forfeitures) was $10,138,000, $10,038,000 and $7,437,000, respectively.

8. Segment Data

The Company's business operations are classified into two segments: Broadcasting and Publishing. Broadcasting operations include the ABC Television Network and eight television stations, the ABC Radio Networks and 21 radio stations and cable television programming services. The Publishing segment includes newspapers, shopping guides, various specialized business and consumer periodicals and books, research services and database publishing. There are no material product transfers between segments of the Company, and virtually all of the Company's business is conducted within the United States. The segment data is as follows (000's omitted):

	1991	1990	1989	1988	1987
Broadcasting					
Net revenues	$4,329,743	$4,283,633	$3,899,989	$3,749,557	$3,433,749
Direct operating costs	3,537,676	3,331,316	2,943,321	2,904,668	2,680,582
Depreciation	75,883	75,088	74,333	76,303	73,730
Amortization of intangible assets	46,476	46,772	46,186	46,415	46,527
Total operating costs	3,660,035	3,453,176	3,063,840	3,027,386	2,800,839
Income from operations	$ 669,708	$ 830,457	$ 836,149	$ 722,171	$ 632,910
Assets at year-end	$4,249,089	$4,250,540	$4,177,132	$3,927,891	$4,018,775
Capital expenditures	106,254	105,475	173,078	138,043	102,425
Publishing					
Net revenues	$1,052,246	$1,101,969	$1,057,405	$1,023,896	$1,006,597
Direct operating costs	895,402	934,022	891,542	858,102	822,123
Depreciation	18,084	18,363	17,971	18,361	18,878
Amortization of intangible assets	15,855	17,213	17,448	17,713	18,879
Total operating costs	929,341	969,598	926,961	894,176	859,880
Income from operations	$ 122,905	$ 132,371	$ 130,444	$ 129,720	$ 146,717
Assets at year-end	$ 886,482	$ 916,346	$ 899,499	$ 898,608	$ 908,193
Capital expenditures	13,878	14,450	13,015	15,085	13,114
Consolidated					
Net revenues	$5,381,989	$5,385,602	$4,957,394	$4,773,453	$4,440,346
Income from operations	$ 792,613	$ 962,828	$ 966,593	$ 851,891	$ 779,627
General corporate expense	(31,380)	(39,613)	(44,081)	(35,862)	(33,637)
Operating income	761,233	923,215	922,512	816,029	745,990
Interest expense	(179,347)	(168,859)	(174,417)	(182,362)	(190,806)
Interest and other income	80,310	83,424	103,032	53,609	8,794
Income before income taxes	$ 662,196	$ 837,780	$ 851,127	$ 687,276	$ 563,978
Assets employed by segments	$5,135,571	$5,166,886	$5,076,631	$4,826,499	$4,926,968
Cash investments and other corporate assets	1,560,141	1,529,301	1,282,876	1,262,372	451,404
Total assets at year-end	$6,695,712	$6,696,187	$6,359,507	$6,088,871	$5,378,372

Notes to Consolidated Financial Statements—(Continued)

9. Income Taxes

The provision for income taxes before extraordinary charge differs from the amount of tax determined by applying the Federal statutory rate for the following reasons (000's omitted):

	1991		1990		1989	
	Amount	%	Amount	%	Amount	%
Income before income taxes	$662,196		$837,780		$851,127	
Income tax expense at statutory Federal rate	$225,147	34.0	$284,845	34.0	$289,383	34.0
State and local income taxes, net of Federal benefit	33,432	5.0	48,166	5.8	45,358	5.3
Amortization of intangibles	21,020	3.2	21,311	2.5	20,891	2.5
Other, net	7,901	1.2	5,678	0.7	9,768	1.1
Total	$287,500	43.4	$360,000	43.0	$365,400	42.9

Income tax expense is comprised of the following (000's omitted):

	1991	1990	1989
Federal			
Current	$216,400	$296,200	$317,400
Deferred	17,200	(10,700)	(22,300)
	233,600	285,500	295,100
State and local			
Current	50,500	77,000	75,100
Deferred	3,400	(2,500)	(4,800)
	53,900	74,500	70,300
Total	$287,500	$360,000	$365,400

Income taxes paid, net of refunds received, during 1991, 1990 and 1989 amounted to $310,737,000, $351,770,000 and $295,682,000, respectively.

In February 1992, the Financial Accounting Standards Board issued *Statement No. 109* which requires a change in the method of accounting for income taxes. The standard supersedes *Statement No. 96* and must be implemented by 1993. The Company does not expect to adopt the standard prior to 1993, and the impact on the financial statements of such adoption is estimated not to be material.

The provision (benefit) for deferred income taxes represents the tax effect of transactions reported in different periods for financial and income tax reporting purposes, and results from the following timing differences (000's omitted):

	1991	1990	1989
Accelerated depreciation	$ 2,800	$ 11,300	$ 14,900
Program costs	2,000	(1,900)	(6,500)
Deferred compensation	30,600	(7,500)	(21,300)
Other	(14,800)	(15,100)	(14,200)
Total	$ 20,600	$(13,200)	$(27,100)

The extraordinary charge on the redemption of the subordinated debentures and the Senior Notes is net of an income tax benefit of $19,015,000 (See Note 6).

Deferred income taxes at December 31, 1991 include approximately $130,000,000 of taxes relating to the disposition of broadcasting and cable properties by the Company and its subsidiaries in 1986, deferred under the provisions of Section 1071 of the Internal Revenue Code.

10. Common Stock Plans

The Company has stock option plans under which certain key personnel have been granted the right to purchase shares of common stock over a 10- or 11-year period from the date of grant at prices equal to market value on the grant date. Each option is cumulatively exercisable as to 25% of the total shares represented thereby for each of the first four years after grant, provided that the individual remains in the employ of the Company. During 1991, the stockholders approved a Plan authorizing the issuance of 500,000 shares and at the same time, canceled all previously authorized but unissued options. The following information pertains to the Company's stock option plans:

	1991	1990	1989
Outstanding options, beginning of year	61,107	111,968	120,373
Granted	—	—	6,300
Canceled or expired	(300)	(450)	—
Exercised	(21,683)	(50,411)	(14,705)
Outstanding options, end of year	39,124	61,107	111,968
Average price of options exercised during the year	$125.81	$76.66	$106.40
Exercise price of outstanding options, end of year	$131.13 to $383.38	$61.50 to $383.38	$61.50 to $383.38
Options exercisable, end of year	36,274	55,257	103,418
Options available for future grant	500,000	495,605	495,155

The Company has an Employee Stock Purchase Plan which allows eligible employees, through contributions of up to 15% of their compensation, to purchase shares at 85% of the lower of fair market value at the Grant Date or at the Purchase Date (normally one year subsequent). Employees purchased 67,298, 104,679 and 22,246 shares under the Plan in 1991, 1990 and 1989, respectively. As of December 31, 1991, 401,649 shares remain available to be purchased through the period ending April 1995.

The Company has an incentive compensation plan for certain of its employees under which amounts payable are based upon appreciation in the market price of the Company's common stock. Payments are made in either cash, common stock or a combination thereof, at the discretion of the Company.

11. Common Stock and Stockholder Information (Unaudited)

As of February 28, 1992, the approximate number of holders of common stock was 9,250. Dividends of $.05 per share have been paid for each quarter of 1991 and 1990. The common stock is traded on the New York and Pacific Stock Exchanges. The high, low and closing prices of the Company's common stock for each quarter of 1991 and 1990 are as follows:

	1991			1990		
	High	Low	Close	High	Low	Close
1st quarter	$503½	$401	$464	$574	$494	$510½
2nd quarter	487	428¼	428⅞	626	508¼	623
3rd quarter	495	400	428	633	438	467
4th quarter	435	357½	433½	496¾	389	459⅛

Notes to Consolidated Financial Statements—(Continued)

12. Quarterly Financial Data (Unaudited)

The following summarizes the Company's results of operations for each quarter of 1991, 1990 and 1989 (000's omitted, except per share amounts). The net income per share computation for each quarter and the year are separate calculations. Accordingly, the sum of the quarterly net income per share amounts may not equal the net income per share for the year.

	First quarter	Second quarter	Third quarter	Fourth quarter	Year
1991					
Net revenues	$1,255,279	$1,357,834	$1,209,305	$1,559,571	$5,381,989
Costs and expenses	1,125,011	1,109,143	1,087,197	1,299,405	4,620,756
Operating income	130,268	248,691	122,108	260,166	761,233
Interest expense	(44,541)	(45,065)	(47,658)	(42,083)	(179,347)
Interest and other income	17,671	21,759	24,309	16,571	80,310
Income before income taxes	103,398	225,385	98,759	234,654	662,196
Income taxes	44,800	97,600	44,800	100,300	287,500
Income before extraordinary charge	58,598	127,785	53,959	134,354	374,696
Extraordinary charge	—	—	—	(31,203)	(31,203)
Net income	$ 58,598	$ 127,785	$ 53,959	$ 103,151	$ 343,493
Income per share					
Before extraordinary charge	$3.50	$7.60	$3.21	$8.03	$22.33
Extraordinary charge	—	—	—	(1.86)	(1.86)
Net income per share	$3.50	$7.60	$3.21	$6.17	$20.47
1990					
Net revenues	$1,262,321	$1,357,284	$1,214,772	$1,551,225	$5,385,602
Costs and expenses	1,050,773	1,086,949	1,070,826	1,253,839	4,462,387
Operating income	211,548	270,335	143,946	297,386	923,215
Interest expense	(42,595)	(41,900)	(41,822)	(42,542)	(168,859)
Interest and other income	17,250	19,476	24,090	22,608	83,424
Income before income taxes	186,203	247,911	126,214	277,452	837,780
Income taxes	79,900	105,600	54,500	120,000	360,000
Net income	$ 106,303	$ 142,311	$ 71,714	$ 157,452	$ 477,780
Net income per share	$6.08	$8.19	$4.16	$9.34	$27.71
1989					
Net revenues	$1,120,441	$1,226,499	$1,101,238	$1,509,216	$4,957,394
Costs and expenses	956,616	961,991	943,961	1,172,314	4,034,882
Operating income	163,825	264,508	157,277	336,902	922,512
Interest expense	(47,459)	(43,819)	(41,951)	(41,188)	(174,417)
Interest and other income	29,807	25,864	26,855	20,506	103,032
Income before income taxes	146,173	246,553	142,181	316,220	851,127
Income taxes	63,400	106,400	61,400	134,200	365,400
Net income	$ 82,773	$ 140,153	$ 80,781	$ 182,020	$ 485,727
Net income per share	$4.59	$7.83	$4.56	$10.33	$27.25

Report of Ernst & Young, Independent Auditors

The Board of Directors and Shareholders
Capital Cities/ABC, Inc.

We have audited the accompanying consolidated balance sheets of Capital Cities/ABC, Inc. as of December 31, 1991 and 1990, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Capital Cities/ABC, Inc. at December 31, 1991 and 1990, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Ernst & Young
Ernst + Young

New York, New York
February 28, 1992

Report of Management

The management of Capital Cities/ABC, Inc. is responsible for the preparation of and the information included in the consolidated financial statements. These statements, including the accompanying notes, have been prepared in accordance with generally accepted accounting principles and include amounts which are based upon management's best estimates and judgments.

In recognition of its responsibility for the integrity and reliability of the data contained in the financial statements, management maintains a system of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance at an appropriate cost, that assets are safeguarded from loss or unauthorized use, and that the financial records are reliable for the preparation of financial statements.

The Audit Committee of the Board of Directors, which is composed of seven outside directors, meets periodically with management, the independent auditors and the internal auditors to ensure that each is carrying out its responsibilities. The Audit Committee reports its conclusions and recommendations to the Board of Directors. Both the independent and internal auditors have free and direct access to the Audit Committee.

The financial statements have been audited by the Company's independent auditors in accordance with generally accepted auditing standards. In that connection, the independent auditors develop and maintain an understanding of the Company's accounting controls and conduct such tests and related procedures as they deem necessary to render their opinion as to the fairness of the presentation in all material respects of the financial statements in conformity with generally accepted accounting principles.

Daniel B. Burke

Daniel B. Burke
President and
Chief Executive Officer

Ronald J. Doerfler

Ronald J. Doerfler
Senior Vice President and
Chief Financial Officer

Exhibit (22)

As of December 31, 1991

Subsidiaries of Capital Cities/ABC, Inc.

	Jurisdiction of Incorporation
Capital Cities/ABC, Inc. (parent)	New York
ABC Holding Company, Inc.	Delaware
ABC Consumer Magazines Holding Company, Inc.	Delaware
ABC Daytime Circle, Inc.	Delaware
ABC Network Holding Company, Inc.	Delaware
ABC Equipment Leasing, Inc.	New York
ABC Motion Pictures, Inc.	Delaware
ABC Records, Inc.	New York
ABC Circle Music, Inc.	New York
American Broadcasting Music, Inc.	New York
ABC Theatre Holdings, Inc.	Delaware
ABC Interstate Theatres, Inc.	Delaware
ABC Southeastern Theatres, Inc.	Delaware
Ambro Land Holdings, Inc.	Delaware
Ambroco Development Corp.	New York
Broadway Development Corp.	New York
Columbus West Development Corp.	New York
67th Street Development Corp.	New York
66th Street Development Corp.	New York
Circle Location Services, Inc.	Delaware
Scage Five Productions, Inc.	California
TNC Company, Inc.	Delaware
ABC News Holding Company, Inc.	Delaware
ABC News, Inc.	Delaware
ABC News InterActive, Inc.	Delaware
ABC News Intercontinental, Inc.	Delaware
Worldwide Television News Corporation	Delaware
Transcontinental Television, Inc.	Delaware
Worldwide Television News France S.A.R.L.	France
Worldwide Television News GmbH	Germany
Worldwide Television News (U.K.) Limited	United Kingdom
ABC News Overseas Sales, Inc.	Delaware
ABC Radio Network, Inc.	Delaware
ABC Radio Network Sales, Inc.	New York
ABC/Watermark, Inc.	Delaware
Satellite Music Network, Inc.	Delaware
ABC Sports Holding Company, Inc.	Delaware
ABC Sports, Inc.	New York
ABC Sports Intercontinental S.A.R.L.	France
ABC Sports Marketing, Inc.	Delaware
ABC Sports Video, Inc.	Delaware

Capital Cities/ABC, Inc. (parent)(continued)
ABC Holding Company, Inc. (continued)

American Broadcasting Companies, Inc.	Delaware
Capital Cities/ABC National Television Sales, Inc.	Delaware
Capital Cities/ABC Video Enterprises, Inc.	Delaware
Capital Cities/ABC Video Enterprises Worldwide Holdings, Inc.	Delaware
Capital Cities/ABC Video Musical Investments, Inc.	Delaware
Capital Cities/ABC Video Productions, Inc.	Delaware
Capital Cities/ABC Video Publishing, Inc.	Delaware
Capital Cities/ABC Video Systems, Inc.	Delaware
French Productions, Inc.	Delaware
Spanish Productions, Inc.	Delaware
910353 Ontario Inc.	Canada
Chilton Holding Company, Inc.	Delaware
Chilton Company	Delaware
Automotive Information Properties, Inc.	Illinois
Capital Cities/ABC Diversified Advertising GmbH	Germany
The Center for Curriculum Development, Inc.	Delaware
Chilton Professional Automotive, Inc.	Delaware
ESPN Holding Company, Inc.	Delaware
ESPN, Inc.	Delaware
English Sports, Inc.	Delaware
ESPN 88	United Kingdom
ESPN Enterprises, Inc.	Delaware
Farm Progress Holding Company, Inc.	Delaware
Farm Progress Companies, Inc.	Illinois
Farm Progress Insurance Services, Inc.	Illinois
New York Farm Show, Inc.	New York
Indiana Prairie Farmer Insurance Services, Inc.	Indiana
The Miller Publishing Company, Inc.	Minnesota
Hitchcock Holding Company, Inc.	Delaware
Hitchcock Publishing Company	Delaware
Professional Exposition Management Company, Inc.	Delaware
KABC-AM Radio, Inc.	Delaware
KGO-AM Radio, Inc.	Delaware
KGO Television, Inc.	Delaware
KLOS-FM Radio, Inc.	Delaware
L.I.C. Warehouse Realty Company, Inc.	Delaware
Los Angeles Magazine Holding Company, Inc.	Delaware
Los Angeles Magazine, Inc.	Delaware
NILS Holding Company, Inc.	Delaware
NILS Publishing Company	Delaware
National Price Service, Inc. (Name changed to CCB/NILS, Inc. - 1/24/92)	Delaware
101 West 67th Realty Company, Inc.	Delaware
1313 Vine Realty Company, Inc.	Delaware
36/38/40 West 66 Realty Company, Inc.	Delaware

- Capital Cities/ABC, Inc. (parent)(continued)
  - ABC Holding Company, Inc. (continued)
    - WABC-AM Radio, Inc. — Delaware
    - WLS-AM Holding Company, Inc. — Delaware
      - WLS, Inc. — Delaware
    - WLS Television, Inc. — Delaware
    - WMAL Holding Company, Inc. — Delaware
      - WMAL, Inc. — Delaware
    - Word Holding Company, Inc. — Delaware
      - Word, Incorporated — Texas
        - International Cassette Corp. — Texas
        - Word Communications Ltd. — British Columbia
        - Word Direct Marketing Services, Inc. — Texas
        - Word (U.K.) Limited — United Kingdom
    - WPLJ-FM Radio, Inc. — Delaware
    - WYTZ-FM Radio, Inc. — Delaware
    - (Name changed to WLS-FM Radio, Inc. - 2/21/92)
  - ABC/Kane Productions International, Inc. — Delaware
  - Capital Cities Entertainment Systems, Inc. — Delaware
  - Capital Cities Media, Inc. — New York
    - Capital Cities/ABC Publishing/Far East, Inc. — Japan
    - Fairchild Publications S.A.R.L. — France
    - Foothills Trader, Inc. — Connecticut
    - Guilford Publishing Company, Inc. — Delaware
    - Imprint, Inc. — Delaware
    - Mariner Newspapers, Inc. — New York
    - Newside Publications, Inc. — Delaware
    - Pennysaver of Cape Cod, Inc. — Massachusetts
    - Practical Homeowner Holding Company, Inc. — New York
    - Precision Marketing Services, Inc. — Delaware
    - Quad County Publishing, Inc. — Illinois
  - Capital Cities Vision, Inc. — New York
  - CC Finance Holding Corporation — Delaware
    - Capital Cities/ABC Finance Company, Inc. — Delaware
  - CC Texas Holding Co., Inc. — Delaware
    - KTRK Television, Inc. — Michigan
      - Southfield Realty Company, Inc. — Michigan
    - Weehawken Corporation — Delaware
  - CCC Properties, Inc. — New York
  - Institutional Investor, Inc. — Delaware
    - Institutional Investor (Europe) Limited — United Kingdom
  - JBS Productions Holding Company, Inc. — Delaware
    - a.k.a. Productions, Inc. — Delaware
      - The Andrew Adelson Company — California
    - Empty Chair Productions, Inc. — Delaware
    - Interglobal Productions, Inc. — Delaware
      - Fogash Films Limited — Channel Islands
  - The Kansas City Star Company (also owns the preferred stock of Capital Cities Media, Inc.) — Missouri
  - KQRS Holding Corporation — Delaware
    - KQRS, Inc. — Delaware
  - KRXY Holding Corporation — Delaware
    - KRXY Radio, Inc. — Delaware
  - Legal Com of Delaware, Inc. — Delaware
    - Legal Communications Corporation — Missouri
  - The Oakland Press Company — Michigan

Capital Cities/ABC, Inc. (parent)(continued)

Pennypower of Kansas, Inc.	Delaware
Pennypower Shopping News, Inc.	Kansas
Schwann Publications, Inc.	Delaware
ST Partner, Inc.	Delaware
Star-Telegram Newspaper, Inc.	Delaware
Media Transport, Inc. (Stock is held by Star-Telegram Operating, Ltd., a Texas limited partnership, in which ST Partner, Inc. is the limited partner and Star-Telegram Newspaper, Inc. is the managing general partner)	Texas
Sutton Industries, Inc.	Delaware
PSP & D, Inc.	Delaware
WBAP-KSCS Partner, Inc.	Delaware
WBAP-KSCS Radio, Inc.	Delaware
TV Connection, Inc.	Delaware
Wilson Publishing Company	Rhode Island

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K
ANNUAL REPORT
Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1991.

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission file number 1-4278

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

CAPITAL CITIES/ABC, INC.
77 West 66 Street
New York, New York 10023

S I G N A T U R E S

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Capital Cities/ABC, Inc. Savings & Investment Plan

Date: March 16, 1992

David J. Vondrak, a member
of the Employee Benefits Committee

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combined Financial Statements and Supplemental Schedules

December 31, 1991

(With Report of Ernst & Young, Independent Auditors Thereon)

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Index to Financial Statements

Report of Ernst & Young, Independent Auditors

Combined Statements of Financial Condition as of December 31, 1991 and 1990

Combined Statements of Income and Changes in Plan Equity for the years ended December 31, 1991, 1990 and 1989

Notes to Combined Financial Statements

Exhibit:

Consent of Ernst & Young

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

The Board of Directors
Capital Cities/ABC, Inc.:

We have audited the accompanying combined statements of financial condition of the Capital Cities/ABC, Inc. Savings & Investment Plan as of December 31, 1991 and 1990, and the related combined statements of income and changes in plan equity for each of the three years in the period ended December 31, 1991 and the related supplemental schedules listed in the accompanying index to financial statements. These financial statements and schedules are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements and supplemental schedules listed in the accompanying index to financial statements present fairly, in all material respects, the combined financial position of the Capital Cities/ABC, Inc. Savings & Investment Plan at December 31, 1991 and 1990, and the combined results of its operations and changes in its plan equity for each of the three years in the period ended December 31, 1991, in conformity with generally accepted accounting principles.

Ernst & Young

ERNST & YOUNG

New York, New York
March 13, 1992

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combined Statements of Financial Condition

December 31, 1991 and 1990

ASSETS	1991	1990
Investments, at market (notes 1 and 3):		
Equity Securities:		
Capital Cities/ABC, Inc. common stock (cost of $119,827,361 and $112,396,970 in 1991 and 1990, respectively)	$193,273,808	$199,347,025
Other (cost of $23,076,592 and $17,334,127 in 1991 and 1990, respectively)	26,096,653	17,796,813
Total equity securities	219,370,461	217,143,838
Other investments:		
Bankers Trust Pyramid Directed Account Cash Fund	1,573,190	4,771,387
Corporate notes (cost of $1,000,000)	-	1,000,000
Funds on deposit with insurance company	86,666,777	73,168,403
Total other investments	88,239,967	78,939,790
Total investments	307,610,428	296,083,628
Participants loans (note 2)	6,430,212	5,379,127
Receivables from sales of investments	420,570	-
Interest and dividends receivable	754,076	674,809
Due from Capital Cities/ABC, Inc.	788,958	-
Total assets	$316,004,244	$302,137,564
LIABILITIES AND PLAN EQUITY		
Due to former participants	$ 5,667,479	$ 3,474,536
Payables for purchases of investments	167,789	1,904,689
Due to Capital Cities/ABC, Inc.	-	1,395,981
Plan equity	310,168,976	295,362,358
Total liabilities and plan equity	$316,004,244	$302,137,564

See accompanying notes to combined financial statements.

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combined Statements of Income and Changes in Plan Equity

Years ended December 31, 1991, 1990 and 1989

	1991	1990	1989
Investment income:			
Dividends	$ 774,819	$ 759,563	$ 709,450
Interest	7,530,128	6,380,986	5,108,561
Total investment income	8,304,947	7,140,549	5,818,011
Appreciation of Capital Cities/ABC, Inc. common stock distributed to terminated and withdrawing participants (note 1)	2,471,355	3,048,264	1,956,415
Net gain (loss) on sales of common stock	2,377,834	(1,004,609)	1,082,374
Net (decrease) increase in unrealized appreciation of plan assets held at year end (note 1)	(10,946,233)	(48,044,288)	82,833,505
	2,207,903	(38,860,084)	91,690,305
Contributions:			
Participants (note 2)	27,781,216	23,394,286	21,549,642
Employer (notes 1 and 2)	9,674,343	10,678,809	6,937,953
Total contributions	37,455,559	34,073,095	28,487,595
Interest on participants' loans (note 2)	482,260	384,073	219,897
Cash transferred from other plan (note 2)	-	4,587,947	-
Total	40,145,722	185,031	120,397,797
Distributions to terminated and withdrawing participants (note 1):			
Capital Cities/ABC, Inc. common stock, at market value	6,160,715	5,549,780	5,333,198
Cash	19,039,010	14,215,667	15,502,327
Total distributions	25,199,725	19,765,447	20,835,525
Administrative expenses (note 4)	139,379	-	-
Change in plan equity	14,806,618	(19,580,416)	99,562,272
Plan equity:			
Beginning of year	295,362,358	314,942,774	215,380,502
End of year	$310,168,976	$295,362,358	$314,942,774

See accompanying notes to combined financial statements.

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Notes to Combined Financial Statements

December 31, 1991, 1990 and 1989

(1) Summary of Significant Accounting Policies

(a) The accompanying combined financial statements present plan equity and changes therein of the Capital Cities/ABC, Inc. Savings & Investment Plan (the Plan) on an accrual basis. The Plan consists of three funds:

Fund A - Capital Cities/ABC, Inc. Common Stock Fund
Fund B - Diversified Equity Fund
Fund C - Guaranteed Income Fund

(b) The investment in common stock of Capital Cities/ABC, Inc. (Capital Cities/ABC) is stated at market value which is based on the year-end stock quotation from the New York Stock Exchange.

Investments of the Diversified Equity Fund consist of equity securities and convertible debentures of companies other than Capital Cities/ABC. The market value of the equity investments is also based on year-end stock quotations from the New York Stock Exchange.

Investments of the Guaranteed Income Fund consist of funds on deposit with an insurance company under contract which provides for a guaranteed minimum annual rate of interest of 9.6% for 1991. The Guaranteed Income Fund is valued at cost plus interest earned.

Uninvested cash may be temporarily invested in obligations of the U.S. Government or other short-term investments.

Realized gains and losses on sales of securities are accounted for on a weighted average cost basis. Purchases and sales are recorded on a trade date basis. Dividend income is accrued on the ex-dividend date. Interest income is recorded on an accrual basis as earned.

Unrealized appreciation at the beginning and end of each year and the net (decrease) increase for each year included in the accompanying statements of income and changes in plan equity are as follows:

	1991	1990	1989
Balance at beginning of year	$ 87,412,741	$135,457,029	$ 52,623,524
Balance at end of year	76,466,508	87,412,741	135,457,029
Net (decrease)/increase	$(10,946,233)	$(48,044,288)	$ 82,833,505

(1) Summary of Significant Accounting Policies (Continued)

(c) Distributions to terminated and withdrawing participants are based upon the market value of units and/or shares credited to participants' accounts as of the effective date of termination or withdrawal. The difference between the market value on the effective date of distribution and the cost of shares distributed is shown separately in the accompanying combined statements of income and changes in plan equity.

(d) Employer contributions are reported net of forfeitures of $137,869, $115,920 and $145,955 for 1991, 1990 and 1989, respectively.

(2) Description of Plan

The Plan is an employee savings and investment plan for participating employees of American Broadcasting Companies, Inc. (ABC) (an indirect wholly owned subsidiary of Capital Cities/ABC) and those other subsidiaries and divisions of Capital Cities/ABC which were previously a part of, or affiliates of ABC. Individuals who became employees of the corporate and other broadcasting properties of Capital Cities/ABC subsequent to 1988 are eligible to participate in the Plan. In addition, employees of Institutional Investor and Satellite Music Network, Inc. (directly and indirectly, wholly owned subsidiaries of Capital Cities/ABC, respectively) and approximately 5,000 employees of certain subsidiaries of Capital Cities/ABC's Publishing Group were eligible to participate in the Plan effective January 1 and April 1 of 1990, respectively. Satellite Music Network, Inc. and Institutional Investor had previously maintained their own plans. Effective April 1, 1990 these plans were merged with the Capital Cities/ABC, Inc. Savings & Investment Plan and as a result, a cash transfer of $4,587,947 was made to the Plan.

Under the Plan, eligible employees may authorize payroll deductions of either 2, 3, 4 or 5% of their annual compensation to be invested in one or more of three funds. Such contributions may be in the form of regular after-tax contributions (taxable), or tax deferred contributions. Capital Cities/ABC will contribute an amount equal to 50% of such deductions, to be invested in the Capital Cities/ ABC, Inc. Common Stock Fund (Fund A). On October 1, 1987, the Plan was amended to allow employees to contribute an additional unmatched 2, 3, 4 or 5% of annual compensation, which may be designated either taxable or tax deferred contributions for any year. Total annual contributions by the employer and employee to a participant's account are limited to $30,000 for all defined contribution plans. The IRS-imposed limitation on tax deferred contributions for 1991 is $8,475 for employees. Participants are fully vested with respect to their own contributions at all times. For periods covered in these financial statements, participants with less than 5 years of service vest with respect to employer contributions over a three-year period, one-third each year. Upon completion of 5 years of service, death, permanent disability, retirement or termination of service after age 65, a participant's account is considered fully vested.

The Plan permits the Employee Benefits Committee to postpone distributions of a member's account in instances where a member's termination of services arises out of a change in ownership of stock or all or part of the assets of a member's employing unit and such member is reemployed by the acquiring entity if such termination is not deemed a "separation from service" within the meaning of the applicable income tax rulings or regulations. In such instances the Employee

(Continued)

(2) Description of Plan (Continued)

Benefits Committee may postpone the distribution until such distribution may be accomplished without adverse income tax consequences to the member or to the Plan or may allow a transfer to another qualified plan or allow a permissible tax-free rollover.

Under the Plan, members are allowed to obtain loans equal to the lesser of the amount of such member's account attributable to taxable and tax deferred contributions or the maximum amount allowable under federal tax regulations with $1,000 being the minimum. The loans bear interest at a rate determined by the Employee Benefits Committee.

The value of a participant's account is determined based upon share value for Fund A and unit values for Funds B and C. Upon permanent disability or retirement, the amount credited to a participant's account is distributed to him or his beneficiary, either in a lump sum or in installments over a period not exceeding ten years. Upon termination of employment for reasons other than permanent disability or retirement, the amount credited to the participant's account is distributed to him in a lump sum. While employed, a participant may, in 10% increments or a lump sum, withdraw from the Plan the amount credited to his account which is attributable to his taxable contributions. Upon a withdrawn participant's termination, the vested amount credited to his account attributable to employer contributions is distributed to him. If a participant terminates prior to vesting with respect to employer contributions, forfeited funds are used to reduce the contribution of the sponsor company. Distributions of Fund A are paid either in shares of Capital Cities/ABC common stock or cash. Distributions for Funds B and C are paid in cash.

As of December 31, 1991 there were 8,885 participants in Fund A, 3,240 participants in Fund B and 5,969 participants in Fund C.

As of December 31, 1991 there were 5,004,840 total units in Fund B and 23,421,530 total units in Fund C with unit values of $5.72 and $3.54 respectively.

(Continued)

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Notes to Combined Financial Statements

December 31, 1991, 1990 and 1989

(3) Changes in Investment in Equity Securities

Changes in investment in equity securities, at cost, for the years ended December 31, 1991 and 1990 were as follows:

	Shares	Cost
Capital Cities/ABC, Inc. common stock:		
Balance at December 31, 1989	417,233	$101,387,914
Purchases	27,170	13,546,150
Distributions to terminated and withdrawing participants	(10,214)	(2,537,094)
Balance at December 31, 1990	434,189	112,396,970
Purchases	24,711	10,937,035
Distributions to terminated and withdrawing participants	(13,055)	(3,506,644)
Balance at December 31, 1991	445,845	$119,827,361
Other equity securities:		
Balance at December 31, 1989	490,603	$ 15,684,524
Purchases	361,477	12,637,670
Sales	(349,180)	(10,988,067)
Balance at December 31, 1990	502,900	17,334,127
Purchases	901,250	31,298,191
Sales	(798,102)	(25,555,726)
Balance at December 31, 1991	606,048	$ 23,076,592

(Continued)

(4) Administration of the Plan

Under the terms of a trust agreement between Bankers Trust Company (the Trustee) and the Plan, the Trustee manages the Plan assets on behalf of the Plan. Substantially all of the Plan assets are held by the Trustee.

During the period 1989 and 1990, all costs of administering the Plan were paid directly by Capital Cities/ABC, Inc.; the Plan assets were not used to meet such obligations. Effective January 1, 1991, the Plan assets were used to pay for administrative expenses associated with the Diversified Equity Fund.

(5) Termination of the Plan

Although Capital Cities/ABC has not expressed any intent to terminate the Plan, it may be terminated at any time by action of its Board of Directors. In the event of termination, the amounts credited to the participants' accounts become fully vested and the Trustee is required to distribute such amounts to participants or continue the trust fund and pay benefits therefrom in accordance with the provisions of the Plan.

(6) Federal Income Taxes

Capital Cities/ABC, Inc. has received a letter of determination from the IRS stating that the Plan as amended through March 24, 1989 meets the requirements of Section 401(a) of the Internal Revenue Code, as amended, and that the trust established thereunder is entitled to exemption from payment of Federal income taxes under provisions of Section 501(a) of the Code.

Participants are not subject to federal income tax on employer contributions made to their accounts under the Plan, or on the earnings in their accounts, until amounts in their accounts are withdrawn or distributed.

SUPPLEMENTAL SCHEDULES

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Investments

December 31, 1991

DESCRIPTION	NUMBER OF SHARES	COST	MARKET VALUE
Equity Securities:			
Advanced Micro Devices Inc Com	15,000	$ 252,537	$ 262,500
Allied Signal Inc Com	12,000	476,034	526,500
American Cyanamid Co Com	6,500	420,258	420,870
American International Group Inc Com	6,000	500,651	590,250
Apple Computer Com	5,500	287,520	310,063
Baker Hughes Inc Com	15,000	404,839	288,750
Bankamerica Corp Com	12,000	495,360	430,500
Bankers Trust NY Corp Com	7,000	350,070	446,250
Baxter Intl Inc Com	6,600	147,715	264,000
Boeing Co Com	2,500	124,666	119,375
Borden Inc Com	4,000	121,428	130,500
Bristol Myers Squibb Co Com	4,500	378,135	397,125
Capital Cities ABC Inc Com	445,845	119,827,361	193,273,808
Capital Holding Corp Del Com	10,000	455,380	636,250
CBS Inc Com	3,948	641,890	562,590
Chubb Corp Com	6,000	384,180	462,000
Dayton Hudson Corp Com	5,500	330,358	340,313
Donnelley RR & Sons Co Com	6,000	268,817	300,000
Dover Corp Com	5,000	192,025	208,750
Dresser Inds Inc Com	22,500	451,355	452,813
Eastman Kodak Co Com	12,000	493,800	579,000
Emerson Elec Co Com	9,000	300,966	495,000
Fruit of the Loom Cl A	15,000	302,325	414,375
Gannett Inc Com	13,000	495,112	591,500
General Electric Co Com	7,000	490,665	535,500
General Re Corp Com	5,500	486,915	560,313
Grace WR & Co Com	14,000	352,024	553,000
Great Atlantic & Pac Tea Inc Com	12,000	402,304	340,500
Johnson & Johnson Com	3,000	266,340	343,500
Kerr McGee Corp Com	10,000	435,100	386,250
Limited Inc Com	18,000	477,414	517,500
Lubrizol Corp Com	10,000	460,180	565,000
Marsh & McLennan Cos Inc Com	2,500	196,873	203,438
May Dept Stores Co Com	5,000	209,119	262,500
McDonalds Corp Com	15,000	501,679	570,000
Morgan, JP & Co Inc Com	2,500	99,562	171,563
Nike Inc Cl B	7,000	358,085	506,625
NYNEX Corp Com	7,000	513,869	565,250
Ohio Cas Corp Com	6,000	271,500	297,000
Pepsico Inc Com	16,000	468,480	542,000
Pfizer Inc Com	5,500	363,165	462,000
Philip Morris Cos Inc Com	6,000	442,680	481,500
Provident Life & ACC Ins Co Cl B	15,000	279,241	348,750
Quantum Corp Com	18,000	205,866	204,750

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Investments

December 31, 1991

DESCRIPTION	NUMBER OF SHARES	COST	MARKET VALUE
Equity Securities: (Continued)			
Rite Aid Corp Com	20,000	365,559	430,000
Royal Dutch Pete Co	4,500	363,510	388,125
Safeco Corp Com	13,000	416,253	633,750
Shaw Inds Inc Com	10,000	306,314	350,000
Stone Container Corp Com	13,500	308,740	349,313
Student Loan Marketing Assn/Com Non VTG	5,500	323,290	407,000
Sun Co Com	6,500	174,013	198,250
Sundstrand Corp Com	16,500	445,391	610,500
Tandy Corp Com	12,500	334,134	360,938
Texaco Inc Com	8,000	430,149	490,000
Time Warner Inc Com	6,000	490,191	525,000
Torchmark Corp Com	10,000	509,210	578,750
Unilever NV New York SHS	5,000	426,898	531,250
United Telecommunications Inc Kans Com	23,000	523,528	546,250
US Bancorp Com	17,500	376,250	391,563
Varian Assoc Inc Com	10,000	337,910	347,500
Walt Disney Co Com	3,000	338,855	343,500
Wells Fargo & Co Com	8,500	605,690	493,000
Whitman Corp Com	20,000	253,100	267,500
Willamette Inds Inc Com	3,500	191,125	208,251
Total Equity Securities	1,051,893	142,903,953	219,370,461
Other Investments:			
Bankers Trust Pyramid Directed Account Cash Fund		1,573,190	1,573,190
Funds on deposit with insurance Co.: Group Annuity Contracts With AETNA Life Insurance		86,666,777	86,666,777
Total Other Investments		88,239,967	88,239,967
Total Investments		$231,143,920	$307,610,428

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combining Statements of Financial Condition

December 31, 1991

ASSETS	Total Funds	Fund A - Capital Cities/ ABC, Inc. Common Stock Fund	Fund B - Diversified Equity Fund	Fund C - Guaranteed Income Fund
Investments, at market				
Equity Securities:				
Capital Cities/ABC, Inc. common stock	$193,273,808	$193,273,808	$ -	$ -
Other	26,096,653		26,096,653	-
Total equity securities	219,370,461	193,273,808	26,096,653	-
Other investments:				
Bankers Trust Pyramid Directed Account Cash Fund	1,573,190	1,043,462	529,728	-
Funds on deposit with insurance company	86,666,777	-	-	86,666,777
Total other investments	88,239,967	1,043,462	529,728	86,666,777
Total investments	307,610,428	194,317,270	26,626,381	86,666,777
Participant loans	6,430,212	4,009,706	588,772	1,831,734
Receivables from sales of investments	420,570	-	420,570	-
Interest and dividends receivable	754,076	26,657	58,074	669,345
Due from Capital Cities/ABC, Inc.	788,958	581,779	186,148	21,031
Interfund transfer receivable (payable)	-	828,767	1,880,623	(2,709,390)
Total assets	$316,004,244	$199,764,179	$29,760,568	$86,479,497
LIABILITIES AND PLAN EQUITY				
Due to former participants	$ 5,667,479	$ 3,309,172	$ 459,088	$ 1,899,219
Payables for purchases of investments	167,789	-	167,677	112
Plan equity	310,168,976	196,455,007	29,133,803	84,580,166
Total liabilities and plan equity	$316,004,244	$199,764,179	$29,760,568	$86,479,497

Schedule 2

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combining Statements of Financial Condition

December 31, 1990

ASSETS	Total Funds	Fund A - Capital Cities/ ABC, Inc. Common Stock Fund	Fund B - Diversified Equity Fund	Fund C - Guaranteed Income Fund
Investments, at market				
Equity Securities:				
Capital Cities/ABC, Inc. common stock	$199,347,025	$199,347,025	$ -	$ -
Other	17,796,813	-	17,796,813	-
Total equity securities	217,143,838	199,347,025	17,796,813	-
Other investments:				
Bankers Trust Pyramid Directed Account Cash Fund	4,771,387	2,180,631	2,313,861	276,895
Corporate notes	1,000,000	-	1,000,000	
Funds on deposit with insurance company	73,168,403	-	-	73,168,403
Total other investments	78,939,790	2,180,631	3,313,861	73,445,298
Total investments	296,083,628	201,527,656	21,110,674	73,445,298
Participant loans	5,379,127	3,656,206	376,889	1,346,032
Interest and dividends receivable	674,809	33,795	65,874	575,140
Interfund transfer receivable (payable)	-	407,732	(121,144)	(286,588)
Total assets	$302,137,564	$205,625,389	$21,432,293	$75,079,882
LIABILITIES AND PLAN EQUITY				
Due to former participants	$ 3,474,536	$ 2,063,143	$ 208,403	$ 1,202,990
Payables for purchases of investments	1,904,689	1,580,392	324,297	-
Due to (from) Capital Cities/ ABC, Inc.	1,395,981	522,649	(712,776)	1,586,108
Plan equity	295,362,358	201,459,205	21,612,369	72,290,784
Total liabilities and plan equity	$302,137,564	$205,625,389	$21,432,293	$75,079,882

Schedule 3

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combining Statements of Income and Changes in Plan Equity

December 31, 1991

	Total Funds	Fund A - Capital Cities/ ABC, Inc. Common Stock Fund	Fund B - Diversified Equity Fund	Fund C - Guaranteed Income Fund
Investment income:				
Dividends	$ 774,819	$ 88,809	$ 686,010	$ -
Interest	7,530,128	62,345	102,326	7,365,457
Total investment income	8,304,947	151,154	788,336	7,365,457
Appreciation of Capital Cities/ABC, Inc. common stock distributed to terminating and withdrawing participants	2,471,355	2,471,355	-	-
Net gain on sales of common stock	2,377,834	-	2,377,834	-
Net (decrease) increase in unrealized appreciation of plan assets held at year end	(10,946,233)	(13,503,607)	2,557,374	-
	2,207,903	(10,881,098)	5,723,544	7,365,457
Contributions:				
Participants	27,781,216	11,085,552	4,834,966	11,860,698
Employer	9,674,343	9,674,343	-	-
Total contributions	37,455,559	20,759,895	4,834,966	11,860,698
Interest on participants' loans	482,260	433,850	11,775	36,635
Participants' transfers	-	(1,220,137)	(325,162)	1,545,299
Total	40,145,722	9,092,510	10,245,123	20,808,089
Distributions to terminated and withdrawing participants:				
Capital Cities/ABC, Inc. common stock, at market value	6,160,715	6,160,715	-	-
Cash	19,039,010	7,935,993	2,584,310	8,518,707
Total distributions	25,199,725	14,096,708	2,584,310	8,518,707
Administrative expenses	139,379	-	139,379	-
Change in plan equity	14,806,618	(5,004,198)	7,521,434	12,289,382
Plan equity:				
Beginning of year	295,362,358	201,459,205	21,612,369	72,290,784
End of year	$310,168,976	$196,455,007	$29,133,803	$84,580,166

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combining Statements of Income and Changes in Plan Equity

December 31, 1990

	Total Funds	Fund A - Capital Cities/ ABC, Inc. Common Stock Fund	Fund B - Diversified Equity Fund	Fund C - Guaranteed Income Fund
Investment income:				
Dividends	$ 759,563	$ 84,978	$ 674,585	$
Interest	6,380,986	69,603	165,938	6,145,445
Total investment income	7,140,549	154,581	840,523	6,145,445
Appreciation of Capital Cities/ABC, Inc. common stock distributed to terminating and withdrawing participants	3,048,264	3,048,264	-	
Net (loss) on sales of common stock	(1,004,609)	-	(1,004,609)	
Net (decrease) in unrealized appreciation of plan assets held at year end	(48,044,288)	(47,033,596)	(1,010,692)	
	(38,860,084)	(43,830,751)	(1,174,778)	6,145,445
Contributions:				
Participants	23,394,286	9,068,164	4,422,144	9,903,978
Employer	10,678,809	10,678,809	-	-
Total contributions	34,073,095	19,746,973	4,422,144	9,903,978
Interest on participants' loans	384,073	349,614	7,538	26,921
Participants' transfers	-	839,605	(796,817)	(42,788)
Cash transferred from other plan	4,587,947	422,626	692,939	3,472,382
Total	185,031	(22,471,933)	3,151,026	19,505,938
Distributions to terminated and withdrawing participants:				
Capital Cities/ABC, Inc. common stock, at market value	5,549,780	5,549,780	-	-
Cash	14,215,667	7,425,291	1,243,905	5,546,471
Total distributions	19,765,447	12,975,071	1,243,905	5,546,471
Change in plan equity	(19,580,416)	(35,447,004)	1,907,121	13,959,467
Plan equity:				
Beginning of year	314,942,774	236,906,209	19,705,248	58,331,317
End of year	$295,362,358	$201,459,205	$21,612,369	$72,290,784

Schedule 3
(Continued)

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Combining Statements of Income and Changes in Plan Equity

December 31, 1989

	Total Funds	Fund A - Capital Cities/ ABC, Inc. Common Stock Fund	Fund B - Diversified Equity Fund	Fund C - Guaranteed Income Fund
Investment income:				
Dividends	$ 709,450	$ 83,402	$ 626,048	$ -
Interest	5,108,561	63,460	95,339	4,949,762
Total investment income	5,818,011	146,862	721,387	4,949,762
Appreciation of Capital Cities/ABC, Inc. common stock distributed to terminated and withdrawing participants	1,956,415	1,956,415	-	-
Net gain on sales of common stock	1,082,374	-	1,082,374	-
Net increase in unrealized appreciation of plan assets	82,833,505	81,510,811	1,322,694	-
	91,690,305	83,614,088	3,126,455	4,949,762
Contributions:				
Participants	21,549,642	9,728,524	3,311,978	8,509,140
Employer	6,937,953	6,937,953	-	-
Total contributions	28,487,595	16,666,477	3,311,978	8,509,140
Interest on participants' loans	219,897	200,749	4,842	14,306
Participants' transfers	-	(1,969,840)	(741,703)	2,711,543
Total	120,397,797	98,511,474	5,701,572	16,184,751
Distributions to terminated and withdrawing participants:				
Capital Cities/ABC, Inc. common stock, at market value	5,333,198	5,333,198	-	-
Cash	15,502,327	8,411,892	1,547,569	5,542,866
Total distributions	20,835,525	13,745,090	1,547,569	5,542,866
Change in plan equity	99,562,272	84,766,384	4,154,003	10,641,885
Plan equity:				
Beginning of year	215,380,502	152,139,825	15,551,245	47,689,432
End of year	$314,942,774	$236,906,209	$19,705,248	$58,331,317

CONSENT OF ERNST & YOUNG

We consent to the incorporation by reference in the Registration Statement (Form S-8 No 33-2196) pertaining to the Capital Cities/ABC, Inc. Savings & Investment Plan and in the related Prospectus of our report dated March 13, 1992, with respect to the combined financial statements and schedules of the Capital Cities/ABC, Inc. Savings & Investment Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1991.

Ernst & Young

ERNST & YOUNG

New York, New York
March 16, 1992

EXHIBIT (28)(b)

The Registrant hereby undertakes as follows, which undertakings shall be and hereby are incorporated by reference into Form S-8 Registration Statements No. 2-59014, No. 2-86863, No. 33-2196, No. 33-11806, No. 33-16206, No. 33-25918 and No. 33-33761.

UNDERTAKINGS

The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

The undersigned Registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 or Regulation S-X are not set forth in the prospectus, to deliver, or cause to be delivered, to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.