CAPITAL CITIES ABC INC /NY/ C 102000

10-K

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

{X} ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1994.

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
Capital Cities/ABC, Inc.
(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	14-1284013 (I.R.S. Employer Identification No.)
77 West 66th Street, New York, N.Y. (Address of principal executive offices)	10023-6298 (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, $0.10 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 $11,706,000,000 as of February 28, 1995.

The number of shares outstanding of the issuer's common stock as of February 28, 1995: 154,061,655 shares, excluding 29,873,305 treasury shares.

Portions of Part I are incorporated herein by reference to the 1994 Annual Report to Shareholders and the definitive Proxy Statement for the annual meeting of shareholders to be held on May 18, 1995.

Part II and Part IV, with the exception of certain schedules and exhibits, are incorporated herein by reference to the 1994 Annual Report to Shareholders.

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Part III is incorporated herein by reference to the definitive Proxy Statement for the annual meeting of shareholders to be held on May 18, 1995.

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PART I

Item 1. Business.

Capital Cities/ABC Inc., directly or through its subsidiaries (the "Company"), operates the ABC Television Network, eight television stations, the ABC Radio Networks and 21 radio stations, and provides programming for cable television. The Company, through joint ventures, is engaged in international broadcast/cable services and television production and distribution. The Company also publishes daily and weekly newspapers shopping guides, various specialized and business periodicals and books, provides research services and also distributes information from databases.

Employees

At December 31, 1994, the Company had approximately 20,200 full-time equivalent employees: 10,500 in broadcasting operations, 9,450 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 1994, the Company derived approximately 85% and 70% 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 primarily from subscription and other circulation receipts and the sale of books.

Broadcasting

Television and Radio Networks

The Company operates the ABC Television Network which as of December 31, 1994 had 225 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 broadcasts programs in "dayparts" and types as follows: Monday through Friday Early Morning, Daytime and Late Night, Monday through Sunday Prime Time and News, Children's and Sports. The Company also operates the ABC Radio Networks which served a total of approximately 3,400 affiliates as of December 31, 1994 through eight different program services, each with its own group of affiliated stations. The ABC Radio Networks also produces and distributes a number of radio program series for radio stations nationwide.

Generally, the Company pays the cost of producing its own programs or acquiring broadcast rights from other producers 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, as well as overall advertiser demand for time in the network marketplace.

The Company also produces prime-time television programs for the ABC Television Network and for other exhibitors of television programs. For television programs it produces, the Company pays the costs of production and typically receives a license fee from the exhibitor for initial exhibition. Generally, the license fees received for prime-time programs are less than the

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costs of production. The Company then licenses the programs it owns for foreign exhibition and, ultimately, for repeat exhibition in the United States.

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	(2)	1
KABC-TV (Los Angeles, CA).............	7	(2)	2
WLS-TV (Chicago, IL)..................	7	Dec. 1, 1997	3
WPVI-TV (Philadelphia, PA)............	6	(2)	4
KGO-TV (San Francisco, CA)............	7	(2)	5
KTRK-TV (Houston, TX).................	13	(2)	11
WTVD (Durham-Raleigh, NC).............	11	Dec. 1, 1996	32
KFSN-TV (Fresno, CA)	30	(2)	57

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
KMPC (Los Angeles, CA)................	710 K	Dec. 1, 1997	2
WLS (Chicago, IL).....................	890 K	Dec. 1, 1996	3
KGO (San Francisco, CA)...............	810 K	Dec. 1, 1997	4
KSFO (San Francisco, CA)..............	560 K	Dec. 1, 1997	4
WJR (Detroit, MI).....................	760 K	Oct. 1, 1996	6
WBAP (Fort Worth-Dallas, TX)..........	820 K	Aug. 1, 1997	7
WMAL (Washington, DC).................	630 K	Oct. 1, 1995	8
WKHX (Atlanta, GA) (3)................	590 K	Apr. 1, 1996	12
KQRS (Minneapolis-St.Paul, MN)........	1440 K	Apr. 1, 1997	17
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
KSCS(FM) (Fort Worth-Dallas, TX) (3)..	96.3 M	Aug. 1, 1997	7
WRQX(FM) (Washington, DC).............	107.3 M	Oct. 1, 1995	8
WKHX-FM (Atlanta, GA) (3).............	101.5 M	Apr. 1, 1996	12
WYAY(FM) (Atlanta, GA) (3)............	106.7 M	Apr. 1, 1996	12
KQRS-FM (Minneapolis-St. Paul, MN)....	92.5 M	Apr. 1, 1997	17
KEGE-FM (Minneapolis-St. Paul, MN)....	93.7 M	Apr. 1, 1997	17

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(1) Based on Nielsen U.S. Television Household Estimates, 1994-1995 season.
(2) See "Licenses - Federal Regulation of Broadcasting-Renewal Matters" below

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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 1994.

Cable and International Broadcast

The Company's Cable and International Broadcast operations are principally involved in the production and distribution of cable television programming, in the licensing of programming to domestic and international markets and in joint ventures in foreign-based television operations and television production and distribution entities. Its primary services are:

ESPN Inc., an 80%-owned subsidiary which operates ESPN, a cable sports programming service reaching 63,500,000 households domestically and 69,850,000 households in 130 countries internationally; ESPN2 reaches 17,100,000 households; ESPN also owns 33% of Eurosport a pan-European satellite-delivered cable and direct-to-home sports programming service reaching 58,900,000 households; and 20% of Japan Sports Network;

A&E Television Network, a 37 1/2%-owned cable programming service devoted to cultural and entertainment programming and reaching 55,800,000 households;

Lifetime Television, a 50%-owned cable programming service devoted to women's lifestyle programming and reaching 58,400,000 households;

Tele-Munchen Fernseh GmbH & Co., a 50%-owned Munich, Germany based television and theatrical production/distribution company which also has interests in cinemas;

RTL 2 Fernsehen GmbH & Co., a 23%-owned Munich, Germany based general entertainment commercial broadcasting company reaching 23,500,000 households;

Scandinavian Broadcasting System SA, a 23%-owned Luxembourg based company with interests in television and radio stations, satellite-delivered cable and direct-to-home programming services, and television production, serving the various Scandinavian countries;

Hamster Productions, S.A., 33 1/3%-owned, and Tesauro, S.A., 25%-owned television and theatrical production/distribution companies based in Paris, France and Madrid, Spain, respectively.

Multimedia

The Company's newly established Multimedia Group is exploring ways to expand the Company's participation as a content provider with respect to the emerging technologies. The division's major initiatives involve the development, publication and distribution of content for narrow-band on-line services, the interactive software market, interactive television platforms, and a number of out-of-home video ventures. The division includes the Capital Cities/ABC Video Publishing unit, which acquires rights to and produces programming for the home video market.

Competition

The ABC Television Network competes for viewers with the other television networks, independent television stations, other video media such as cable television, multipoint distribution services ("MDS," which employ non-broadcast frequencies to transmit subscription television services to individual homes and businesses), direct broadcast services, satellite television program services and video cassettes. In the sale of advertising time, it competes with 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 programs. The ABC Radio Networks likewise compete with other radio networks and radio programming services, independent radio stations, and other advertising media.

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The Company's television and radio stations are in competition with other television and radio stations, cable television systems, MDS, direct broadcast services, satellite television program services, video cassettes 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 realize significantly increased advertising revenues as a result.

The Company's Cable and International Broadcast operations compete with a number of companies involved in developing and supplying program services for cable, television syndication and theatrical distribution, and with conventional television broadcasters. The Multimedia operations face competition from numerous broadcast, cable, computer software, production and distribution companies which are also pursuing opportunities in the new technologies. The development of these businesses could adversely affect the future of conventional television broadcasting.

The Company also faces potential competition to its broadcast and cable program services and to its newspaper operations from telephone companies. Telephone companies are seeking to create broadband networks to provide both data transmission services ("electronic publishing") and video services to the home. See "Licenses -- Federal Regulation of Broadcasting -Broadcast/Cable/Other Competing Services Regulations" below.

In addition the Company's broadcast operations face potential competition from numerous new satellite and cable technologies and distribution systems, and from signal-enhancing technologies such as high definition television or in radio, "digital audio" radio. Although most of these technologies are in experimental phases all have the potential to further increase the entertainment and information alternatives available to consumers. In some instances the Company may itself participate in these new technologies. Regulatory, technical and economic issues make it impossible to predict whether or when such technologies will become viable or competitive.

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, new 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, KTRK-TV, KABC-TV, KGO-TV, KFSN-TV, WABC-TV and WPVI-TV. In the case of KABC(AM), KLOS-FM, KABC-TV, KGO-TV, KFSN-TV, WABC-TV and WPVI-TV, the time to file competing applications and petitions to deny has passed, and no such filings have been made against these stations. In the case of KTRK-TV, two petitions to deny have been filed. The Company believes both petitions are without merit and is vigorously opposing them. All of the Company's other owned stations have been granted license renewals by the FCC for regular terms.

In 1992 the U.S. District Court for the District of Columbia issued a Memorandum Opinion and Order in Shepherd et al. v. American Broadcasting Companies, Inc. et al., Civil Action No. 88-0954 (RCL), which entered a default judgment against American Broadcasting Companies, Inc. and the Company on a complaint alleging discrimination in employment practices at the ABC News Bureau in Washington, DC, in violation of District of Columbia law. The default was based on a conclusion that "the defendants impeded and obstructed the litigation process by . . . destruction and alteration of a crucial document and through the harassment of witnesses and filing false and misleading affidavits." In 1993, the District Court issued a Memorandum Opinion on reconsideration that withdrew many of the findings of misconduct previously made but reaffirmed other

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such findings (as well as the default judgment). On June 13, 1994, the Court entered an Order and Final Judgment awarding plaintiffs money damages against ABC. ABC filed a Notice of Appeal on July 7, 1994. The appeal is pending.

The Company believes that the District Court's decision is factually and legally incorrect, and has appealed the default judgment (and the supporting findings of misconduct that remain) to the U.S. Court of Appeals for the District of Columbia Circuit. However, the policies of the FCC call for the agency to evaluate whether an adjudication of misconduct of the kind found in Shepherd should bear on the qualifications of the licensee, even though the adjudication is pending on appeal. The FCC had approved the Company's acquisition of radio station WYAY(FM), Gainesville, GA in 1993, KEGE-FM, Minneapolis-St. Paul, MN in 1994 and KSFO(AM), San Francisco, CA and KMPC-AM, Los Angeles, CA in 1995 without prejudice to any action the agency may take in light of the ultimate outcome of the Shepherd decision. On January 14, 1994, the Company submitted to the FCC amendments to its pending license renewal applications urging that it and its subsidiaries should be found fully qualified, to hold broadcast licenses, even if the misconduct findings of the District Court were ultimately upheld. Pending FCC action on that issue the Company will urge the FCC to apply the WYAY(FM), KEGE-FM, KSFO(AM) and KMPC-AM precedents to permit the acquisition of new stations, the sale of existing stations or the renewal of existing licenses.

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 shares owned of record or voted by aliens, representatives of aliens, foreign governments, representatives of foreign governments or corporations organized under the laws of foreign countries.

The FCC's "multiple ownership" rules impose a variety of restrictions on the ownership or control of broadcast stations by a single party. The television "duopoly" rule bars control or ownership of significant interests in two television stations that serve the same area. Less severe restraints are imposed on the control or ownership of AM and FM radio stations that serve the same area; in a number of situations, a single party may control or own an AM and/or an FM "duopoly" -- two AM and/or two FM stations -- in the same market area. The rules also preclude the grant of applications for station acquisitions that 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 20 AM and 20 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 23.33%. The Company also owns 11 AM and 10 FM radio stations. The Company has pending applications at the FCC to acquire television stations WJRT-TV, Flint MI and WTVG, Toledo, OH. Company ownership of these stations is permissible under the multiple ownership rules contingent on the grant of waivers for which the Company has applied.

By statute, radio and/or television licensees may not acquire new ownership interests in daily newspapers published in the same markets served by their broadcast stations. The Company currently 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. Absent an FCC waiver, the Company could not under the rules acquire additional broadcast stations in these markets nor could the current broadcast/newspaper combinations be transferred together. In 1993, the Congress relaxed a restriction previously imposed on the FCC so as to allow the FCC to grant waivers of the rules with respect to newspaper/radio station cross-ownership in the top 25 markets where at least 30 independent broadcast voices would remain following a transfer if the FCC determines that a waiver would

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serve the public interest. This new policy creates potential new acquisition opportunities for the Company.

The FCC's rules also provide that television licensees may not own cable television systems in communities within the service contours of their television stations. In 1992 the FCC relaxed the rule that previously prohibited common ownership of television networks and cable television systems to permit such combinations subject to a national limit of 10% of, "homes passed" (i.e., homes within the service areas of cable systems) by cable as well as a local limit of 50% of homes passed within any ADI (Area of Dominant Influence, i.e., local television market area as defined by Arbitron Television Ratings).

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

In 1993, the FCC eliminated rules that previously restricted the ability of the Company as well as CBS Inc. ("CBS") and National Broadcasting Company, Inc. ("NBC") to acquire financial interests in network television programs. In the same proceeding, the FCC retained (subject to a complex two-year sunset provision) rules that prevent the networks from engaging in active first-run or "off-network" syndication of programs to television stations in the United States, constrain the networks' discretion to determine when programs owned by them will be made available for syndication, and prevent the networks from acquiring from independent producers interests in first-run syndicated programs. In September 1993, the FCC substantially denied petitions for reconsideration of its May 1993 decision. The lawfulness of the regulations the agency has retained, and of the 1993 modifications, was upheld by the United States Court of Appeals for the Seventh Circuit on July 12, 1994. The FCC will conduct a review of the remaining rules beginning by May 1995. They will sunset in November 1995 unless the proponents of retention of the rules (to whom the FCC has assigned the burden of proof) persuade the FCC to issue an order to the contrary. In addition, other FCC rules effectively 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. on Monday through Saturday (the "Prime Time Access Rule"). The FCC has recently begun a proceeding to reevaluate whether to retain, eliminate or modify the Prime Time Access Rule. The Company is not able to predict the outcome of these proceedings.

The Company's television network operations are subject to a consent judgment (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. Similar judgments have been entered against CBS and NBC with respect to their television networks. In November 1993 the United States District Court, upon a joint motion by the United States Department of Justice, the Company, CBS and NBC, modified the consent judgment to eliminate those provisions which prohibited the acquisition of subsidiary rights and interests in television programs produced by independent suppliers and restricted the ability of the Company (as well as CBS and NBC) to engage in the business of distributing programs directly to television stations in the United States or overseas. The consent judgment continues to contain provisions regulating for a period expiring on November 14, 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.

Broadcast/Cable/Other Competing Services Regulations

In 1992, Congress enacted the Cable Television Consumer Protection and Competition Act. The Act gives television stations the right to elect "must carry" protection (including protection on channel position) on local cable systems. (The FCC's "must carry" rules require cable television systems generally to carry the signals of television stations in whose service areas they operate.) In the alternative, the Act permits local stations to negotiate with cable systems the terms and conditions of "retransmission consent" to carry their signals and to withhold their signals in the event that no consent on terms and conditions is reached. The Act also reimposes cable system rate regulation and introduces new regulations designed to ensure that MDS and other multi-channel video programmers have access to programming to facilitate competition with cable systems. The Act requires the FCC to conduct rulemaking

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proceedings to establish national cable system ownership limits and limits on cable channels devoted to video programmers in which the cable system has an interest, and to prohibit coercive or discriminatory practices by cable operators in dealings with video programmers (such as ESPN, ESPN2, A&E Television Network and Lifetime Television). The Act also requires the FCC to conduct rulemaking proceedings concerning increases which cable operators may demand of subscribers with respect to various tiers of program services, including cable programming services. The FCC has adopted regulations implementing all of these statutory provisions. These regulations could affect cable programming services' ability to launch new services and could affect per subscriber rates charged to cable operators as well as affect the total subscriber base for which advertising is sold. Cable operators have filed lawsuits challenging many of the new Act's provisions as well as regulations adopted under those provisions. The must carry, retransmission consent, rate regulation and program access provisions have been upheld as constitutional in federal court decisions. The decision relating to must carry was appealed to the Supreme Court of the United States. The Court issued a ruling on June 27, 1994 which did not decide the constitutional question but vacated the lower court decision and remanded the case for further proceedings to develop a fuller factual record. The decision relating to the Act's other provisions has been appealed to the United States Court of Appeals for the District of Columbia Circuit. The Company cannot predict the outcome of this litigation.

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 multichannel 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.

The Company also faces potential competition to its broadcast and cable program services and to its newspaper operations from telephone companies. Telephone companies are seeking to expand their broadband networks to provide both data transmission services ("electronic publishing") and video services to the home. A number of recent developments may affect potential telephone company competition. First the FCC decided in 1991 and 1992 to permit telephone companies to offer "video dialtone" distribution services to programmers on a common carrier basis without having to obtain a municipal cable franchise. Appeals challenging this decision are pending in the United States Court of Appeals for the District of Columbia Circuit. Second, six U.S. District Courts as well as the Fourth and Ninth U.S. Courts of Appeals have ruled unconstitutional the provision in the Cable Act of 1984 that prohibits telephone companies from providing video programming directly to their telephone subscribers ("the telco/cable cross ownership ban"). Finally, there are a number of legislative proposals that would either eliminate or modify the telco/cable cross ownership ban. The Company cannot predict the outcome of these developments or the competitive effect of these services or 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.

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Publishing

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

	1994	1993	1992	1991	1990
Inches of advertising					
Newspapers (a)..........	20,013	18,953	18,396	17,550	18,421
Specialized publications	3,307	3,055	3,004	2,921	3,399
Advertising revenue					
Newspapers - ROP........	$337,703	$310,429	$301,182	$291,592	$307,634
Newspapers - inserts....	63,314	58,732	55,278	51,695	49,800
Shopping guides.........	80,268	71,853	71,137	66,370	65,834
Specialized publications	301,467	277,077	270,885	267,974	307,686
Circulation revenue					
Newspapers..............	$103,680	$101,112	$ 96,226	$ 93,697	$ 85,933
Specialized publications	63,843	51,182	47,253	53,024	59,471
Other operating revenue					
Newspapers..............	$ 25,072	$ 21,700	$ 18,200	$ 14,323	$ 10,813
Shopping guides.........	5,273	4,851	4,220	3,589	4,171
Specialized publications					
Books/Music...........	33,631	28,638	118,967	116,708	111,643
Research services, data base and other..	87,860	84,864	95,218	93,274	98,984
Total revenue					
Newspapers..............	$529,769	$491,973	$470,886	$451,307	$454,180
Shopping guides.........	85,541	76,704	75,357	69,959	70,005
Specialized publications	486,801	441,761	532,323	530,980	577,784
Paid circulation at year-end					
Newspapers (Daily)......	754	751	754	741	769
Newspapers (Sun.).......	1,000	1,008	992	966	958
Specialized publications	1,355	1,324	1,356	1,768	2,164

(a) Does not include inserts.

Daily Newspapers

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

		Daily	Sunday
The Kansas City Star........................	Morning	297,000	425,000
Fort Worth Star-Telegram....................	All Day	249,000	343,000
The Oakland Press (Pontiac, MI).............	Morning	72,000	80,000
Belleville News-Democrat (Belleville, IL)..	Morning	51,000	62,000
The Times Leader (Wilkes-Barre, PA).........	Morning	47,000	77,000
Albany Democrat-Herald (Albany, OR).........	Evening	22,000	
The Daily Tidings (Ashland, OR).............	Evening	6,000	

Weekly Newspapers

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

State	Number of Publications	Aggregate Circulation
Illinois....................................	13	56,000
Michigan....................................	13	168,000
Oregon......................................	6	39,000
Pennsylvania................................	2	29,000

Shopping Guides and Real Estate Magazines

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

State	Number of Publications	Aggregate Circulation
California..................................	8	2,078,000
Illinois....................................	1	13,000
Kansas......................................	1	144,000
Michigan....................................	8	108,000
Missouri....................................	1	142,000
Nevada......................................	4	113,000
Oregon......................................	5	221,000
Pennsylvania................................	2	73,000
Texas.......................................	1	22,000
Utah..	1	24,000
Washington..................................	5	409,000

Specialized Publications

The Specialized Publications consists of three groups: the Diversified Publishing Group, the Fairchild Publications 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 database services. 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		
Feedstuffs............................	Weekly	18,000
Tack 'n Togs Merchandising...........	13 times per year	21,000*

In addition, the Agricultural Publishing Group publishes nineteen state and regional farm magazines with an aggregate circulation of 876,000, serving 38 states. The group also produces six farm shows and provides database and custom publishing services to agricultural businesses.

Title	Frequency	Circulation
Chilton Publications		
American Metal Market......................	Daily	10,000
Assembly...................................	9 times per year	60,000*
Automotive Body Repair News................	Monthly	60,000*
Automotive Industries......................	Monthly	102,000*
Automotive Marketing.......................	Monthly	40,000*
Cablevision................................	Semimonthly	15,000*
CED (Communications Engineering and Design)	Monthly	18,000*
Commercial Carrier Journal.................	Monthly	86,000*
Convergence................................	10 times per year	20,000*
Distribution...............................	Monthly	70,000*
Electronic Component News..................	Monthly	126,000*
Energy User News...........................	Monthly	37,000*
Food Engineering...........................	Monthly	60,000*
Food Engineering International.............	6 times per year	15,000*
Hardware Age...............................	Monthly	68,000*
I&CS (Instrument & Control Systems)........	Monthly	93,000*
IAN (Instrumentation & Automation News)....	Monthly	117,000*
IMPO (Industrial Maintenance & Plant Operations)..............................	Monthly	127,000*
Industrial Paint & Powder..................	Monthly	39,000*
Industrial Safety & Hygiene News...........	Monthly	61,000*
Jewelers' Circular-Keystone................	Monthly	28,000
Manufacturing Systems......................	Monthly	115,000*
Metal Center News..........................	Monthly	15,000*
Motor Age..................................	Monthly	146,000*
Multichannel News..........................	Weekly	17,000
New Steel..................................	Monthly	18,000*
Outdoor Power Equipment....................	Monthly	18,000*
Owner Operator.............................	9 times per year	93,000*
Product Design and Development.............	Monthly	162,000*

Title	Frequency	Circulation
Quality	Monthly	90,000*
Review of Opthalmology	Monthly	17,000*
Review of Optometry	Monthly	34,000*
Video Business	Weekly	45,000*
Video Software Magazine	Monthly	22,000*
Warehousing	6 times per year	40,000*
Grupo Editorial Expansion, S.A.		
Expansion	Biweekly	26,000
Obras	Monthly	11,000
Manufactura	6 times per year	35,000*
Los Angeles	Monthly	155,000

The Diversified Publishing Group also includes: Chilton Enterprises which publishes automotive repair, craft and hobby books, provides custom market research and conducts trade shows; and NILS Publishing Company, a database publisher of information on insurance laws and regulations.

Title	Frequency	Circulation
Fairchild Publications Group		
Children's Business	Monthly	13,000*
Daily News Record	Daily	20,000
Footwear News	Weekly	18,000
Golf Pro Merchandiser	Monthly	13,000*
HFN	Weekly	25,000
Home Fashions Magazine	10 times per year	10,000*
Salon News	Monthly	79,000*
SportStyle	Monthly	26,000*
Supermarket News	Weekly	52,000
W	Monthly	334,000
Women's Wear Daily	Daily	56,000
Financial Services and Medical Group		
Institutional Investor		
Americas Edition	Monthly	105,000*
International Edition	Monthly	39,000*
Infrastructure Finance	6 times per year	19,000*
SELLING	10 times per year	110,000
International Medical News Group		
Clinical Psychiatry News	Monthly	33,000*
Family Practice News	Semimonthly	73,000*
Internal Medicine News	Semimonthly	101,000*
Ob. Gyn. News	Semimonthly	33,000*
Pediatric News	Monthly	37,000*
Skin & Allergy News	Monthly	19,000*

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*All, or substantially all, controlled circulation.

Certain operations within the Publishing Group also publish philatelic magazines, cable guides, books, visuals, journals and newsletters, and conduct meetings and seminars.

Competition

The Company's newspapers specialized publications and shopping guides 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 new technologies are developed. Magazines and many newspapers publish substantial amounts of similar business news and information, and deal with the same or related special interests or industries, as those covered by the Company's specialized publications. The Company's newspapers, specialized publications and shopping guides compete for advertising with all other advertising forms of media.

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 ABC Radio Networks' 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, DC and the computer facility in Hackensack, NJ 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, CT 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.

American Broadcasting Companies, Inc. and two reporters have been named as defendants in two defamation lawsuits arising out of certain ABC broadcasts including the February 28, 1994 and March 7, 1994 editions of the ABC news magazine Day One. On March 24, 1994, Philip Morris Companies, Inc. and Philip Morris Incorporated filed a lawsuit in the Circuit Court of Richmond, Virginia seeking $5,000,000,000 in compensatory damages and $5,000,000,000 in punitive damages. On February 22, 1995, RJR Nabisco Holdings Corporation and R.J. Reynolds Tobacco Company filed a lawsuit in Superior Court in Winston-Salem, North Carolina seeking unspecified compensatory and punitive damages. Both matters are in a pretrial stage.

All other litigation pending during 1994 was routine and incidental to the business of the Company. For a discussion of the relevance of one item of litigation in the regulatory context, see "Licenses -- Federal Regulation of Broadcasting" under Item 1. Business.

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

*** B11 ***

The information called for by this item is not applicable.

*** B12 ***

Executive Officers of the Company

Name	Age	Director since	Officer since	Title and positions during the past five years
Thomas S. Murphy	69	1957	1958	Chairman of the Board of Directors and Officer. From 1990 to February 1994 h the Board of Directors. Prior to 1990 the Board of Directors and Chief Execu
Robert A. Iger	44	1994	1993	President and Chief Operating Officer a 1993 to September 1994 he was Executiv and President of ABC Television Networ 1993 he was President of ABC Entertain
John B. Fairchild	68	1968	1968	Executive Vice President, Chairman of F Publications and Director.
Ronald J. Doerfler	53		1977	Senior Vice President and Chief Financi
Herbert A. Granath	66		1988	Senior Vice President, and President of International Broadcast Group. Prior t President, and President of Video Ente
Michael P. Mallardi	61		1986	Senior Vice President, and President of
Phillip J. Meek	57		1975	Senior Vice President, and President of
Stephen A. Weiswasser	54		1986	Senior Vice President, and President of From 1993 to October 1994 he was also President and General Counsel. From 19 Senior Vice President and Executive Vi News. In 1991 he was Senior Vice Presi Vice President of ABC Television Netwo thereto he was Senior Vice President a
David Westin	42		1991	Senior Vice President, and President of Network Group. From 1993 to September Vice President, and President of Produ Television Network Group. From 1991 to Vice President and General Counsel. Pr engaged in the practice of law as a pa firm of Wilmer, Cutler & Pickering.
Alan N. Braverman	47		1993	Vice President and General Counsel. Fr 1994 he was Vice President and Deputy Prior to 1993 he was engaged in the pr partner in the law firm of Wilmer, Cut
Allan J. Edelson	52		1981	Vice President and Controller.
David J. Vondrak	49		1986	Vice President and Treasurer.

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

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Title and positions during
the past five years
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man of the Board of Directors and Chief Executive
cer. From 1990 to February 1994 he was Chairman of
Board of Directors. Prior to 1990 he was Chairman of
Board of Directors and Chief Executive Officer.

dent and Chief Operating Officer and Director. From
to September 1994 he was Executive Vice President
President of ABC Television Network Group. Prior to
he was President of ABC Entertainment.

tive Vice President, Chairman of Fairchild
ications and Director.

r Vice President and Chief Financial Officer.

r Vice President, and President of Cable and
rnational Broadcast Group. Prior to 1993 he was Vice
ident, and President of Video Enterprises.

r Vice President, and President of Broadcast Group.

r Vice President, and President of Publishing Group.

r Vice President, and President of Multimedia Group.
1993 to October 1994 he was also Senior Vice
ident and General Counsel. From 1991 to 1993 he was
or Vice President and Executive Vice President of ABC
. In 1991 he was Senior Vice President and Executive
President of ABC Television Network Group. Prior
eto he was Senior Vice President and General Counsel.

r Vice President, and President of ABC Television
ork Group. From 1993 to September 1994 he was Senior
President, and President of Production, ABC
vision Network Group. From 1991 to 1993 he was Senior
President and General Counsel. Prior to 1991 he was
ged in the practice of law as a partner in the law
of Wilmer, Cutler & Pickering.

President and General Counsel. From 1993 to October
he was Vice President and Deputy General Counsel.
r to 1993 he was engaged in the practice of law as a
ner in the law firm of Wilmer, Cutler & Pickering.

President and Controller.

President and Treasurer.

adoption among the officers.
d of Directors.

*** C02 ***

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 39 of the 1994 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 1994 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 19 through 23 of the 1994 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 39 of the 1994 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 18, 1995. 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 18, 1995.

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 18, 1995.

Item 13. Certain Relationships and Related Transactions.

The information called for by this item is not applicable.

*** C03 ***

PART IV

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

(a) 1. & 2. 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.

3. 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 1994.

*** C04 ***

CAPITAL CITIES/ABC, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES
COVERED BY REPORT OF CERTIFIED PUBLIC ACCOUNTANTS
(Item 14(a) 1. & 2.)

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, 1994 are hereby incorporated by reference. With the exception of the Items referred to in Items 1, 5, 6, 7, and 8, the 1994 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, 1994 of our report dated February 28, 1995 included in the 1994 Annual Report to Shareholders of Capital Cities/ABC, Inc.

Our audits also included the financial statement schedule of Capital Cities/ABC, Inc. listed in item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements Form S-8 No. 33-25918 for the registration of 200,000 shares, Form S-8 No. 33-33761 for the registration of 2,000,000 shares, Form S-3 No. 33-38117 for the registration of Debt Securities and Warrants to purchase Debt Securities, Form S-3 No. 33-39652 for the registration of Debt Securities and Warrants to purchase Debt Securities, Form S-8 No. 33-52563 for the registration of 600,000 shares and Form S-8 No. 33-52947 for the registration of 2,000,000 shares and an indeterminate number of plan interests and in the related Prospectuses and documents constituting Prospectuses, of our above report.

ERNST & YOUNG LLP

*** C05 ***

ATEMENTS
ULES
ACCOUNTANTS

	Reference	
	Annual Report to Shareholders	Form 10-K
....	28	
....	26	
....	27	
....	30	
....	31	
ember 31,		
....		K-19

required information is not
o require submission of the
uded in the consolidated

l Cities/ABC Inc. listed in
ort to Shareholders for the
by reference. With the
7, and 8, the 1994 Annual
part of this report.

ORS

this Annual Report on Form
ecember 31, 1994 of our
Annual Report to

t schedule of Capital
is the responsibility of
xpress an opinion based on
schedule referred to above,
tatements taken as a whole
tion set forth therein.

ce in the Registration
n of 200,000 shares, Form S-
res, Form S-3 No. 33-38117
to purchase Debt
on of Debt Securities and
3-52563 for the registration
registration of 2,000,000
and in the related
, of our above report.

*** C06 ***

New York, New York
March 20, 1995

*** C07 ***

CAPITAL CITIES/ABC, INC.

INDEX TO EXHIBITS (Item 14 (a) 3.)

(3)(a) Restated Certificate of Incorporation of the Company. Incorporated by reference to Exhibit (3)(a) to the Company's Quarterly Report on Form 10-Q for the period ended July 3, 1994.

(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 (now Chemical Bank), 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 (now Chemical Bank), as Trustee, with respect to Subordinated Debt Securities. Incorporated by reference to Exhibit (4)(c) to Registration Statement No. 33-39652.

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

(4)(f) Third Amendment, dated as of April 30, 1992, to the Revolving Credit Agreement set forth in Exhibits (4)(d) and (4)(e) above. Incorporated by reference to Exhibit 4(f) to the Company's Annual Report on Form 10-K for 1992.

(4)(g) Fourth amendment, dated as of July 29, 1994 to the Revolving Credit Agreement set forth in Exhibits (4)(d), (4)(e) and, (4)(f) above. Incorporated by reference to Exhibit (4) to the Company's Quarterly Report on Form 10-Q for the period ended October 2, 1994.

(4)(h) 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)(i) 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

*** C08 ***

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.

(10)(c) Amendment dated October 29, 1993 to the Stock Purchase Agreement set forth in Exhibit (10)(b) above. Incorporated by reference to Exhibit 99(c) to the Company's Schedule 13E-4 dated November 2, 1993.

*(10)(d) Supplemental Profit Sharing Plan of the Company, as amended through April 9, 1992. Incorporated by reference to Exhibit (10)(c) to the Company's Annual Report on Form 10-K for 1992.

*(10)(e) Benefit Equalization Plan of the Company, as amended through January 1, 1994. Incorporated by reference to Exhibit (10)(e) to the Company's Annual Report on Form 10-K for 1993.

*(10)(f) Incentive Compensation Plan of the Company, as amended through December 9, 1993. Incorporated by reference to Exhibit (10)(f) to the Company's Annual Report on Form 10-K for 1993.

*(10)(g) Employee Stock Option Plan of the Company, as amended through December 15, 1987. Incorporated by reference to Exhibit (10)(f) to the Company's Annual Report on Form 10-K for 1992.

*(10)(h) 1991 Stock Option Plan of the Company, as amended through March 19, 1991. Incorporated by reference to Exhibit (10)(g) to the Company's Annual Report on Form 10-K for 1992.

*(10)(i) Contract dated January 2, 1968 between John B. Fairchild and Fairchild Publications Inc. as amended by contract of June 1977 between Mr. Fairchild and Capital Cities Media Inc. (a subsidiary of the Company) as successor to Fairchild Publications, Inc. (Mr. Fairchild is an executive officer and a director of the Company.) Incorporated by reference to Exhibit (10)(h) to the Company's Annual Report on Form 10-K for 1992.

*(10)(j) The Company's Retirement Plan for Nonemployee Directors, as adopted by Board of Directors resolution dated March 20, 1990. Incorporated by reference to Exhibit (10)(i) to the Company's Annual Report on Form 10-K for 1992.

(13) The Company's 1994 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.)

(21) Subsidiaries of the Company.

(99)(a) Form 11-K for the Company's Savings & Investment Plan for the year ended December 31, 1994.

(99)(b) Undertakings.

* Executive officers' and directors' compensation plans and arrangements.

* * * * * * * * * *

VALUATION AND QUALIFYING ACCOUNTS--SCHEDULE II
(Thousands of Dollars)

		Additions		Deductions	
	Balance at beginning of period	Operating companies acquired	Charged to expense	Operating companies disposed	Accou writte ne
Deducted from accounts and notes receivable:					
Year ended December 31, 1994..	$44,650		$22,596	$ (206)	$(20,6
Year ended December 31, 1993..	35,114	$490	31,876		(22,8
Year ended December 31, 1992..	38,302	24	48,458	(8,680)	(42,9

*** C10 ***

y, as amended through March
g) to the Company's Annual

en John B. Fairchild and
f June 1977 between Mr.
y of the Company) as
hild is an executive officer
rence to Exhibit (10)(h) to

nemployee Directors, as
20, 1990. Incorporated by
Report on Form 10-K for

eholders. (This report,
ed by reference in this Form
ties and Exchange Commission
10-K.)

Investment Plan for the

ans and arrangements.

*

ACCOUNTS--SCHEDULE II
f Dollars)

dditions		Deductions		
ng es ed	Charged to expense	Operating companies disposed	Accounts written-off, net	Balance at close of period
	$22,596	$ (206)	$(20,621)	$46,419
	31,876		(22,830)	44,650
	48,458	(8,680)	(42,990)	35,114

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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/ THOMAS S. MURPHY

(Thomas S. Murphy) March 20, 1995
Chairman of the Board
and Chief Executive Officer

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 dates indicated:

Principal Executive Officer:

/s/ THOMAS S. MURPHY

(Thomas S. Murphy) March 20, 1995

Principal Financial Officer:

/s/ RONALD J. DOERFLER

(Ronald J. Doerfler) March 20, 1995

Controller:

/s/ ALLAN J. EDELSON

(Allan J. Edelson) March 20, 1995

Directors:

/s/ ROBERT P. BAUMAN

(Robert P. Bauman) March 20, 1995

/s/ NICHOLAS F. BRADY

(Nicholas F. Brady) March 20, 1995

/s/ WARREN E. BUFFETT

(Warren E. Buffett) March 20, 1995

/s/ DANIEL B. BURKE

(Daniel B. Burke) March 20, 1995

/s/ FRANK T. CARY

(Frank T. Cary) March 20, 1995

/s/ JOHN B. FAIRCHILD

(John B. Fairchild) March 20, 1995

/s/ LEONARD H. GOLDENSON

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(Leonard H. Goldenson)	March 20, 1995
/s/ ROBERT A. IGER	
(Robert A. Iger)	March 20, 1995
/s/ FRANK S. JONES	
(Frank S. Jones)	March 20, 1995
/s/ ANN DIBBLE JORDAN	
(Ann Dibble Jordan)	March 20, 1995
/s/ JOHN H. MULLER, JR.	
(John H. Muller, Jr.)	March 20, 1995
/s/ THOMAS S. MURPHY	
(Thomas S. Murphy)	March 20, 1995
/s/ WYNDHAM ROBERTSON	
(Wyndham Robertson)	March 20, 1995
/s/ M. CABELL WOODWARD, JR.	
(M. Cabell Woodward, Jr.)	March 20, 1995

*** D01 ***

*** D02 ***

EXHIBIT 13

Capital Cities/ABC, Inc.

40th

1994 Annual Report

*** D03 ***

Decentralization is the cornerstone of our management philosophy. Our goal is to hire the best people we can find and give them the responsibility and authority they need to perform their jobs. Decisions are made at the local level, consistent with the basic responsibilities of corporate management. Budgets, which are set yearly and reviewed quarterly, originate with the operating units that are responsible for them. We expect a great deal from our managers. We expect them to be forever cost-conscious and to recognize and exploit sales potential. But above all, we expect them to manage their operations as good citizens and use their facilities to further the community welfare.

*** D04 ***

OPERATING HIGHLIGHTS

	1994	1993
Net revenues	$6,379,237,000	$5,673,653,000
Operating income	$1,238,811,000	$ 862,149,000
Income before extraordinary charge	$ 679,814,000	$ 467,379,000
Income per share before extraordinary charge	$4.42	$2.85*
Average shares outstanding	153,890,000	163,800,000*

Income Before Extraordinary Items and Cumulative Effect of Accounting Changes

$ Millions

1986	1987	1988	1989	1990	1991	1992	1993	1994
181.9	279.1	387.1	485.7	477.8	374.7	389.3	467.4	679.8

Income Per Share Before Extraordinary Items and Cumulative Effect of Accounting Changes*

1986	1987	1988	1989	1990	1991	1992	1993	1994
$1.12	$1.65	$2.23	$2.72	$2.77	$2.23	$2.34	$2.85	$4.42

*Restated to reflect June 1994 ten-for-one stock split

*** D05 ***

Capital Cities/ABC

TO OUR SHAREHOLDERS

The year 1994 was an exceptional one for Capital Cities/ABC. While marking our 40th anniversary, the Company's operations achieved record results. Strong performances by all of our major businesses, healthy marketplace conditions and continued focus on cost control produced our most successful year ever.

Earnings per share were a record $4.42, an increase of 55 percent from the $2.85 reported in 1993. Per share results in both years reflect the Company's ten-for-one common stock split in June 1994. Revenues increased 12 percent to $6,379,000,000, also a record, and substantially higher than our 1994 expectations. Costs increased 7 percent, and operating income grew 44 percent to a record $1,239,000,000. Our operations were able to capitalize on the record revenues by converting $377,000,000, or 53 percent of the year's revenue gain, into operating income. This compares to a 42 percent conversion in 1993.

A summary of the Company's results for 1994 compared with 1993 follows:

(Dollars in millions)	1994	1993	Percent change
Net revenues	$ 6,379	$ 5,674	12%
Operating costs	4,968	4,656	7%
Depreciation	109	95	15%
Amortization	63	61	3%
Total costs	5,140	4,812	7%
Operating income	1,239	862	44%
Interest/other, net	(34)	(34)	-
Income before taxes	1,205	828	46%
Income taxes	(525)	(361)	45%
Net income	$ 680	$ 467 *	46%
Income per share	$ 4.42	$ 2.85 *	55%
Average shares (000)	153,890	163,800	(6)%

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*Before 1993 extraordinary charge

For several years we have emphasized how important new business investment and funding are to the Company's future. As technology evolves, the need to create additional business opportunities increases.

As a group, our new businesses -- those initiated within the past five years -- achieved better than anticipated results. We also aggressively invested in the following new initiatives during the past year:

. In November, Capital Cities/ABC and DreamWorks SKG, an entertainment company formed by Steven Spielberg, Jeffrey Katzenberg and David Geffen, created a new television studio to produce programming for all aspects of the television business, including network, cable and first-run syndication, and for all broadcast dayparts. Our new partners are among the most creative and most successful executives in the entertainment business and will greatly enhance

*** D06 ***

our ability to own and control more content -- one of our top priorities.

- The Company has also signed an agreement to purchase two VHF television stations in Flint, Michigan, and Toledo, Ohio for $155,000,000. The purchase is expected to be completed in 1995 and will increase the national coverage of our owned television stations division to 24.5 percent of the country. Separately, the Company acquired a 14 percent interest in Young Broadcasting Company through the purchase of non-voting common stock and warrants for $25,000,000. Young now owns five ABC affiliates; these stations, however, do not count against the Federal Communication Commission's ownership limitations. These limitations, which restrict any company from owning more than 12 television stations or reaching more than 25 percent of the nation's television homes, are currently under review by the FCC.

- ESPN, which currently reaches 63,500,000 U.S. households, greatly expanded its international distribution and programming during the year and now reaches almost 70,000,000 homes in 130 foreign countries. In 1994, ESPN's principal international expansion was in Asia. ESPN2's subscribers increased to more than 17,000,000 homes at year-end 1994,

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compared with the 10,000,000 homes with which it debuted in October 1993. In January 1995, ESPN purchased an 80 percent interest in SportsTicker, a 24-hour, real-time sports news and information service.

. During the year, the Company acquired an additional equity interest in Lifetime Television for $159,000,000, bringing its ownership up to 50 percent from its previous 33 1/3 percent level. The basic cable network industry has grown faster than most segments of the media, and Lifetime has fully participated in this growth. The service now reaches 58,400,000 households with its special interest programming for women.

. The Cable and International Broadcast Group's foreign media joint ventures, particularly RTL 2, a German television network, and Eurosport, a pan-European sports service, made substantial progress in 1994 and are now expected to become profitable sooner than originally predicted. In addition, the Group, together with recently acquired DIC Entertainment, became the first American supplier to regularly broadcast a children's television programming service in China. It is estimated that 45 percent of China's available television households will have access to the new service.

. The Publishing Group continued to expand its revenue sources, developing new niche products, trade shows, newsletters and CD-ROM applications.

. The radio division purchased two stations, KMPC-AM in Los Angeles and KSFO-AM in San Francisco, in the beginning of 1995. This gives the division duopoly AMs in both markets. Our radio stations reach just over 24 percent of U.S. households.

. The Multimedia Group had a particularly active year. Its initiatives included: ABC Online, a new interactive service for American Online subscribers; a joint venture with Electronic Arts, Inc. to publish entertainment and educational software for personal computers and video game players; as well as several joint ventures in the interactive television and destination-based entertainment fields. Venture partners include IMAX Corp., NTN Communications, Inc. and several telephone companies.

Total pre-tax investment and funding of losses for domestic start-ups and international media joint ventures was $100,000,000 in 1994, compared with $80,000,000 of such losses in 1993. The after-tax loss from our share of these activities was approximately $0.40 and $0.30 per share, in 1994 and 1993, respectively. The Company's total investment spending and funding of such losses over the past five years now approximates $325,000,000. This spending is critical to our future growth. It also demonstrates how important the Company's predictable cash flow and healthy balance sheet are in funding such investments and in evaluating additional opportunities.

Over the past five years, the Company has earned approximately $4,500,000,000 of operating income. In 1994, the amount was a record $1,239,000,000. Net financial expense (interest expense less interest income) was $31,000,000, down dramatically from the $81,000,000 as recently as 1991. Debt outstanding at year-end 1994 was relatively unchanged from 1993 at $615,000,000 and represents only 12 percent of total capital. Dividend payments increased subsequent to the ten-for-one stock split in June, as the Company declared that its annual dividend would remain at $0.20 per share. This is the equivalent of a $2.00 per share annual dividend rate on pre-split common stock.

Capital Cities/ABC's return on average stockholders' equity improved to 17.3% in 1994 from 12.1% in 1993. This came as a result of the significant increase in 1994 net income combined with the full year impact of 1993 share repurchases.

Capital Cities/ABC

The Company's 1994 free cash flow (net income plus depreciation, amortization and other noncash items, less capital expenditures and net programming investment) exceeded $800,000,000, which is significantly larger than most companies of our size. Free cash flow is a principal standard we use to measure the health of the Company. In most years, free cash flow has been greater than net income, and this was also the case in 1994. Unlike most industrial companies, Capital Cities/ABC's reported net income translates into cash, even after all of its reinvestment needs are met. The ability to generate cash, combined with manageable debt service requirements and approximately $1,000,000,000 in cash and short-term investments, resulted in an upgrade in our debt rating in 1994 by the three primary credit ratings agencies. The financial strength which this underscores will facilitate our pursuit of additional acquisitions and internal growth opportunities. In the near-term, we continue to target several areas for future growth: television program ownership, international media joint ventures, additional television and radio stations and multimedia services.

Business conditions for our operations were the best they have been for many years, and our properties took full advantage.

The ABC Television Network achieved record revenues and profits. National advertiser demand was strong throughout the year across virtually all dayparts. The network's competitive audience delivery, especially with adults 18-49, further enhanced revenue growth. Network television industry revenues grew by 9 percent while ABC Television Network revenues increased 11 percent.

The 1994-95 prime-time upfront selling season was as robust as it has ever been, exceeding $4,400,000,000 for the four television networks. Although the automotive, telecommunications and movie industries increased their spending most noticeably over last year, the marketplace improvement was broad-based. Network scatter pricing commanded healthy premiums over upfront levels throughout 1994, especially in the second half of the year. It was particularly strong in prime time and daytime -- two dayparts which together accounted for over half the network's total sales. ABC's share of the young adult audiences, sought by advertisers in each daypart, was most competitive.

One significant development during the year will affect the network's 1995 performance. Affiliate compensation fees paid to the network's 225 primary affiliates to maintain national distribution for advertisers will rise approximately 50 percent in 1995. There were several major market affiliate switches which affected all of the networks. This ignited an intense competition to sign major market affiliates and group broadcasters to long-term contracts at higher rates of compensation. Most of these affiliate switches will take place during 1995. Approximately 10 percent of the network's 99.9 percent national coverage will be affected by affiliate changes. The impact on audience delivery during the first half of the 1994-95 season has been minimal.

The Broadcast Group's three operating divisions all reported record revenues and profits in 1994. The eight owned television stations benefited from vastly improved national and local advertising demand and strong ratings performance. In addition, political advertising was much stronger than anticipated, particularly in New York and California. Station profit margins, probably the best in the industry, improved again in 1994. The television stations division is the Company's largest profit contributor.

At the radio operations, both the ABC Radio Networks and the owned radio stations experienced record years. The ABC Radio Networks expanded domestic and international programming in 1994 and now provide over 30 distinct news and entertainment programs to more than 100,000,000 listeners per week. The owned

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radio stations also had a very successful 1994. They are now stronger competitively than they have been for many years, particularly with duopoly FMs in both Atlanta and Minneapolis. Improved advertiser demand combined with better ratings in most markets produced revenue and profit gains well above anticipated levels. The FCC has been gradually relaxing its station ownership restrictions. By late 1994, the number of stations an individual operator could own was 40 -- 20 AMs and 20 FMs. As mentioned previously, the Company has added two additional AMs in 1995 and is evaluating other markets as well. The Company now owns 11 AM and 10 FM radio stations.

The Cable and International Broadcast Group, which manages the Company's interests in domestic cable television networks and international media joint ventures, had another year of extraordinary growth. ESPN's revenues and profits were at their best levels ever, up dramatically over last year. ESPN's results included substantial start-up losses for ESPN2's first full year of operation and losses for further international expansion, particularly in Asia. The A&E Television Network also showed marked growth and now reaches 55,800,000 homes. The History Channel, a new cable service from A&E, premiered in January 1995. Lifetime Television, which is 50 percent owned, also experienced a year of good growth.

The Publishing Group had an outstanding year with revenues and profits up 9 percent and 23 percent, respectively. Revenue growth was the strongest it has been in many years. The Group has managed its costs well, especially during soft advertising years. In 1994, costs rose only 7 percent, despite higher development investment in new ventures. Record profits at The Kansas City Star and the Fort Worth Star-Telegram enabled the daily newspaper group to again report its best results ever. The shopping guides also achieved strong profit growth, and the specialized publications had a successful 1994, with all groups recording significant profit gains. Publishing profits, especially at the daily newspapers, will be significantly affected in 1995 by a sharp rise in the cost of newsprint.

The newly established Multimedia Group has aggressively begun to explore ways to expand the Company's role as a content provider for emerging technologies. During 1994, the Group launched a number of major initiatives. These include the development, publication and distribution of content for narrow-band on-line services; the interactive software market; interactive television platforms; and a number of out-of-home video ventures. In each case, the Group is exploring the nature and extent of audience demand for these new products and delivery systems. It is also studying the potential of the Company's existing content and production capacity and the role of advertising and advertisers.

Capital Cities/ABC has always emphasized its public service responsibilities, and in 1994 its principal commitments were to Children First, The Partnership For a Drug-Free America and the Volunteer Initiatives Program. The national literacy programs that Capital Cities/ABC began several years ago have now evolved into Children First, an awareness campaign to stimulate involvement with children who need help. The Company's contribution in media time and space to the Partnership For A Drug-Free America in 1994 totaled $38,000,000 across all operating divisions. Drug use among America's youth is rising again, and our goal in these broadcast, cable and print campaigns is to help reverse this trend. The Volunteer Initiatives Program best illustrates the Company's emphasis on community involvement. Many dedicated employees in numerous locations have volunteered their services to improve the lives of others. Specific projects in 1994 included building low-cost housing in conjunction with Habitat for Humanity, constructing a shelter for battered women and participating in several other educational and conservational programs.

Capital Cities/ABC

There were two important promotions in 1994. Daniel B. Burke retired as President and Chief Executive Officer in February. He was succeeded by Robert A. Iger who was promoted to President and Chief Operating Officer and elected to the Board of Directors in September. Bob was previously Executive Vice President of the Corporation and President, ABC Television Network Group. David Westin was promoted to President, ABC Television Network Group. David had been President, ABC Productions and prior to that was the Company's General Counsel.

We are confident that our broadcasting and publishing operations will continue to grow, although we do not believe that revenue growth will be as strong in the near-term as it was in 1994. The Company's 1994 business plan did not forecast a 12 percent revenue gain. Neither does our 1995 plan. Revenue growth for the past five years has averaged closer to 5 percent, although that period did include a recession. We are mindful that many of our basic businesses are mature ones and that in a stable economy, industry revenues have historically tended to increase in line with overall economic growth. That is why to sustain earnings momentum we must be aggressive in developing new revenue sources. Controlling costs is equally important, especially as we face extraordinary charges such as the significant increase in affiliate compensation at the ABC Television Network and increases in newsprint pricing. Many of the new businesses described earlier offer the promise of above average growth, and our five operating groups are identifying and pursuing those opportunities resourcefully. We now face a future when contributions from our new businesses will become increasingly meaningful.

Capital Cities/ABC continues its strong commitment to a policy of equal employment and advancement opportunities for all individuals. While progress is being made, we recognize the importance of continuing to diversify our work force by increasing the representation of both minorities and females throughout the Company, especially at management levels. In 1994, 22 percent of the Company's overall work force were minorities and 45 percent were female.

To our employees, our directors and our shareholders, we extend our thanks for all that you did to make this past year so successful. We look forward to the opportunities of the years ahead.

/s/ Thomas S. Murphy

THOMAS S. MURPHY
Chairman of the Board and
Chief Executive Officer

/s/ Robert A. Iger

ROBERT A. IGER
President and
Chief Operating Officer

BROADCASTING

The Company's broadcasting operations, which consist of the ABC Television Network Group, the Broadcast Group, the Cable and International Broadcast Group and the Multimedia Group, had 1994 net revenues of $5,277,000,000, an increase of 13 percent, or $614,000,000 over 1993. Operating earnings of $1,127,000,000 in 1994 increased $349,000,000, or 45 percent, from the prior year. Broadcasting's 1994 and 1993 results are summarized as follows:

(Dollars in millions)	1994	1993
Net revenues	$5,277	$4,663
Operating costs	4,016	3,763
Depreciation	87	75
Amortization	47	47
Total costs	4,150	3,885
Operating income	$1,127	$ 778

ABC Television Network Group

The ABC Television Network had a record year in 1994. Revenues rose approximately 11 percent over 1993 to just over $3,000,000,000. Operating income improved by more than 80 percent to $340,000,000, an all-time high for the network. This strong network performance in 1994 resulted from the combination of a cyclical upturn in national advertising, the network's competitive audience delivery, and its strict attention to costs. Ratings performance and cost control will continue to be important in 1995, as overall industry revenue is not expected to grow as dramatically as it did in 1994, and compensation paid to ABC affiliates will rise by nearly 50 percent. Over the longer term, network growth will depend on its ability to produce and own successful prime-time series. The network's investment in new series rose in 1994 and is expected to increase again in 1995.

The national economy and overall corporate profits were considerably healthier in 1994 than they had been for some time, and national advertising benefited. Network television industry revenues for 1994, including approximately $385,000,000 in Olympic advertising on CBS, totaled $10,500,000,000, a gain of 9 percent. ABC outpaced industry growth, with an 11 percent increase in its advertising sales. The 1994-95 prime-time upfront marketplace alone exceeded $4,400,000,000 for the four established networks, an increase of 20 percent from a year earlier. Spending was up noticeably across most major advertising categories. For the first time in several years, advertisers paid higher rates for commercial time bought in the scatter marketplace than they had in the upfront market, and as 1994 progressed, this premium increased.

In prime time, which attracts both the largest audiences and share of revenues, ABC

Broadcasting
Net Revenues

$ Millions

*** **D12** ***

1986	1987	1988	1989	1990	1991	1992	1993	1994
3,153.6	3,433.7	3,749.6	3,900.0	4,283.6	4,329.7	4,265.6	4,663.2	5,277.1

Broadcasting
Operating Income

$ Millions

1986	1987	1988	1989	1990	1991	1992	1993	1994
474.5	632.9	722.2	836.1	830.5	669.7	619.3	778.1	1,127.2

finished first among young adults 18-49. Midway through the 1994-95 season, the network was first among young adults 18-34, adults 18-49 and adults 25-54. ABC has consistently won four nights of the week and approximately 50 percent of the prime-time half hours among younger demographic groups. Six programs -- Home Improvement, Grace Under Fire, Roseanne, NYPD Blue, Ellen, and NFL Monday Night Football -- ranked among the ten most popular programs for young adult viewers.

NFL Monday Night Football improved its ratings during the fall of 1994 and was the highest-rated prime-time program for male viewers. Home Improvement draws the largest number of viewers of any series on television, averaging just under 33,000,000 viewers each week. Grace Under Fire attracts an average audience of more than 30,000,000 viewers. By moving these two comedies to Tuesday night this season, ABC improved its ratings from 9 to 10 pm in a most competitive time period. From 10 to 11 pm on Tuesday, NYPD Blue is up 17 percent in adults 18-49 and 23 percent in adults 25-54 over a year ago. On Wednesday, Roseanne and Ellen dominate the 9 to 10 pm hour. Roseanne, in its seventh season, still ranks fifth among young adults, and Ellen ranks seventh. ABC has also won every Friday night of the current season among adults 18-49 with its "TGIF" comedy block from 8 to 10 pm combined with a steady performance from 20/20 at 10 pm. Driven by an outstanding ratings performance, prime time contributed substantially to ABC's operating income.

Monday-to-Friday Daytime is also a major contributor to network operations. In 1994, ABC won 48 of 52 weeks in the key demographic category of women 18-49, enabling it to capitalize on a strong marketplace. All My Children was the number-one rated program among women 18-49 and 25-54, while General Hospital ranked third and One Life to Live ranked fourth. At the same time, 1994 saw a significant decline in overall female viewership for daytime network programming, and ABC was no exception. This fall-off was the result, in part, of extraordinary preemptions for daytime news stories. Despite this viewer fall-off, careful cost control and a stronger market enabled ABC to earn substantially increased operating income from its daytime programming.

Outstanding ratings performances by NFL Monday Night Football and NCAA college football enabled ABC Sports to generate substantially improved operating income. The network sports advertising marketplace grew faster than anticipated, partially because of the impact of the Major League Baseball strike which canceled seven weeks of regular season play and all post-season games. ABC had been scheduled to broadcast the World Series in October 1994. A large portion of advertising scheduled for baseball, particularly post-season play, was shifted to other sports events. In a business where bidding for certain sports rights escalated well beyond any possibility of profitability, ABC Sports successfully negotiated two major contracts in 1994. NFL Monday Night Football was renewed for four more years at a moderate increase over the prior contract. Also, the division's revenue sharing agreement with Major League Baseball did not require any upfront rights payments and represented an innovative, risk-sharing approach to network television sports. The division distinguished itself with its highly-rated coverage of college and professional football, World Cup Soccer, and in January 1995, the telecast of Super Bowl XXIX.

ABC News continued to serve as the industry's premier news organization in 1994. World News Tonight was the top-rated evening newscast for the sixth consecutive year. Nightline performed well in the highly competitive late night time period and benefited as live clearances by ABC affiliates increased from 63 percent of the country to 77 percent. During the course of 1994, four ABC news magazines -- 20/20, Primetime Live, Day One, and Turning Point -- made solid contributions to ABC News' award-winning analysis of major issues and to the network's

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prime-time schedule. ABC News programs did see some audience erosion in 1994, however, especially in some of the news magazine shows. Nevertheless, the generally strong advertising marketplace supported a record level of operating income at ABC News. During the year, the ABC Television Network won approximately 160 awards for journalistic excellence.

Good Morning America was the most popular early morning network program during 1994, narrowly winning the time period among women 18-49 and 25-54. Competition from other network programs and from locally-produced programs, however, hurt Good Morning America's performance in other demographic categories. Nevertheless, Good Morning America revenues and profits increased over 1993 levels.

The only daypart to decline in profitability in 1994 was children's programming. ABC ranks a solid second in the key demographic category of children 2-11, but suffered from competition with the Fox network and other program suppliers who benefit from having their children's lineup (and related promotional efforts) shown on weekdays, as well as on Saturday. As a result, ratings, revenues and profitability for ABC in the children's arena all declined in 1994.

The continued strong performance of the ABC Television Network in 1995 will depend greatly on improved program performance and prudent cost control. Average annual growth for the four-network marketplace approximated 4 percent over the past five years (including the recession from late 1990 through 1992). Future long-term revenue growth is not likely to exceed the overall performance of the economy. Therefore, growth in revenue will require that ABC continue to outperform its competitors in reaching viewers, especially in key demographic categories. Realistically, the network does not expect that it can increase its overall revenue in 1995 at the same rate as the upsurge made possible by the advertising marketplace in 1994.

The ABC Television Network has worked hard to contain its costs over the past several years. When national advertising was soft, network operating costs were flat. In 1994, costs rose at roughly half the rate of revenues, and these cost increases included new program expenditures directly resulting in higher revenues and profits.

The network must vigilantly guard against cost increases in 1995, as the network will spend more than $50,000,000 in increased compensation to affiliates over what it paid in 1994. This substantial cost increase came as the direct result of heightened competition initiated by the fourth network in 1994 (and to some extent the fifth and sixth network in early 1995) for new affiliates to enhance their distribution system by investing in television stations around the country. A number of television stations changed hands, or switched affiliations. ABC responded promptly by entering into long-term affiliation agreements with major market affiliates at higher compensation rates. At present, ABC has long-term affiliation agreements or commitments with (or owns and operates) television stations reaching some two-thirds of the United States. ABC is currently negotiating agreements with most of the remaining stations. Although expensive, these long-term agreements will bring stability to the network's 99.9 percent national coverage distribution system, thereby protecting the network's future.

In 1995, ABC will also continue its long-term strategy of developing and owning television programming. This is important, in part, because of the potentially lucrative market for syndicated television programs after their network run. But program ownership also offers important potential benefits in controlling costs, particularly for "hit" programs. ABC's success to-date with prime-time program production has been modest, but the network holds great hope for its current internal programming units, its previously announced association with Brillstein-Grey, and the Company's recently announced partnership with DreamWorks SKG.

*** E03 ***

*** E04 ***

Capital Cities/ABC

Broadcast Group

The Broadcast Group enjoyed a very successful year in 1994, with each of its operating components attaining new highs in revenues and operating profits. Revenues for the group increased 10 percent to approximately $1,300,000,000. Operating profits grew over 15 percent, producing double-digit growth for the second successive year. Operating margins also expanded by two percentage points for the second year in a row. These improved results were a combination of a more robust national economy, heavy political advertising expenditures, the competitive advantage of our operating franchises and continued attention to cost control. This occurred despite the fact that the competitive spectrum continues to broaden and intensify.

Television Stations

Revenue at our eight television stations reached an all-time high, increasing by 9 percent. The increase was the largest annual percentage gain since 1986, the first year after the merger. Operating profits also rose to a record high, exceeding the previous record level attained in 1990.

The Major League Baseball strike and the consequent absence of playoff games and the World Series on the ABC Television Network precluded a premium marketing opportunity for the stations. Political advertising, however, more than offset the loss. The increase in political advertising for the year approximated 30 percent of the incremental sales increase the stations recorded in 1994. In addition, the demand for preferred time periods created by the intensity of some of the political campaigns clearly had a beneficial impact on overall pricing and helped performance. Increased spending by more traditional advertisers, especially automobile manufacturers, also contributed to the improved economic climate and enabled our television stations to generate double-digit revenue increases for three of the four fiscal quarters of the year.

While operating costs appeared to rise moderately during the year, the competition for popular syndicated programming has continued to exert upward pressure on costs. Contract extensions were negotiated during the year to protect several valuable program franchises, such as The Oprah Winfrey Show. The stability derived from protecting these relationships, however, came at a significant increase in cost and a loss of some flexibility. Clearly the risk-reward relationship underlying all these decisions rests on the continued long-term popularity of the programs in question. We believe the risk is worthwhile. However, the escalation of costs in syndicated programming and other talent and production activities makes it increasingly important for us to enhance productivity in nonprogramming-related areas.

In 1994, the challenge to contain costs was made somewhat easier by the settlement of music performance rights claims with BMI. The accommodation reached by the TV Music License Committee, representing most of the broadcast industry, was similar in nature and scope to the settlement reached in 1993 with ASCAP, the other major music performance society. The agreement put the licensing of BMI-represented music performance rights on a more equitable basis and established the liability for past years' claims at levels lower than had been previously provided.

The Company's television stations remain the nation's most profitable group and continue to outperform their competition by most standards. The ratings results of the November sweeps period again put our stations at or near the top of their respective markets, from sign-on to sign-off, and five of our eight stations were able to translate their audience leadership into double-digit profit increases. Five of our stations also achieved record profit levels -- WABC-TV New York, KABC-TV Los Angeles, WLS-TV Chicago, WPVI-TV Philadelphia and KFSN-TV Fresno. KTRK-TV Houston rebounded in audience appeal and capitalized on the

*** E05 ***
Houston market's renewed economic vigor to produce its best profit performance since 1986.

*** E06 ***

Most traditional over-the-air broadcasters had a good year in 1994; thus, in the euphoria of record profits and record prices on station purchases, it is easy to lose sight of the fact that competition for the attention of viewers and advertisers continues to increase. The growth of new cable program channels will undoubtedly find new impetus as the FCC has liberalized its cost pass-through rules. The prospect of new distribution channels made possible by digital transmission and computer technology also presages a more competitive environment.

Nevertheless, and despite the heightened competition, we believe that the traditional broadcaster will continue to play a primary role in the media world of the future. Our confidence is best underscored by our acquisition of two more stations, currently awaiting approval by the FCC: WJRT-TV Flint, Michigan and WTVG Toledo, Ohio. These two VHF television stations are in markets which only have two VHF licenses, resulting in strong competitive positions in terms of both local operations and network distribution. The addition of these two stations will bring our coverage of U.S. homes to 24.5 percent.

Radio

The year 1994 was also an excellent one for the radio group, with both revenues and profits reaching new highs. Our radio stations enjoyed an especially good year with revenues growing approximately 14 percent, and operating profits increasing significantly. What was particularly satisfying was the fact that the growth in profits was broad-based, with many of our stations experiencing substantial improvement and validating earlier program strategies. Both of our New York market stations continued their respective turnarounds and now contend for market leadership. WPLJ-FM's ratings resurgence was recently acknowledged by the Billboard/Airplay Monitor Radio Awards. It became the only station in 1994 to sweep all four award categories for which it was nominated, and WABC-AM has become one of the most popular AM stations in the country. We also have enjoyed outstanding success thus far with our duopoly FM operations in Atlanta and Minneapolis. We expect both multiple facility combinations to be a significant part of the division's future growth. The acquisitions in early 1995 of two additional AM stations (KMPC-AM Los Angeles and KSFO-AM San Francisco) will enable us to determine whether the duopoly approach can also produce dramatic results with the talk format on the AM band. While still premature, early results are encouraging. The Company's current 21 station portfolio (eleven AM and ten FM) reaches 24.1 percent of the country as indicated in the following chart:

Station and Market	Market rank	# of stations in market	% of U.S.
WABC-AM/WPLJ-FM (New York)	1	49	6.6%
KABC-AM/KLOS-FM KMPC-AM (Los Angeles)	2	48	4.6%
WLS-AM/FM (Chicago)	3	38	3.2%
KGO-AM KSFO-AM (San Francisco)	4	50	2.5%

*** E07 ***

WJR-AM/WHYT-FM (Detroit)	6	31	1.7%
WBAP-AM/KSCS-FM (Fort Worth-Dallas)	7	34	1.6%
WMAL-AM/WRQX-FM (Washington, DC)	8	31	1.6%
WKHX-AM/FM WYAY-FM (Atlanta)	12	20	1.3%
KQRS-AM/FM KEGE-FM (Minneapolis-St. Paul)	17	26	1.0%
Total			24.1%

Source: Arbitron, Fall 1994 Radio Market Survey
Schedule & Population Rankings
Metro persons 12+

The talk radio format has become increasingly popular in recent years, and its role as an interactive forum for community debate has helped to revitalize the AM band. As a consequence, our AM stations became the beneficiaries of the year's political campaigns and increased political advertising. Less positive was the year's other extraordinary occurrence, the unsettled labor climate in professional sports. Disruptions in the playing seasons of Major League Baseball and the National Hockey League had a modest effect on overall radio division earnings in 1994. Several of our AM stations continue to have ongoing commitments to baseball teams and could be adversely affected in 1995 if the ultimate resolution of the dispute does not permit sufficient time to market the games.

The ABC Radio Networks had a record year in 1994, with revenues increasing approximately 4 percent. While the rate of revenue and profit growth did not approach that of our other broadcasting operations, the networks performed admirably during the year, increasing market share in the face of more determined competition. Through 1993, operating expenses have decreased three years in succession; still, effective cost management continues as a primary objective. During 1994, the network embarked on the third phase of the consolidation of its production and administrative activities in Dallas, Texas. This stage of the consolidation will see the networks in a new facility in early 1995 and is expected to benefit the cost structure of the networks long-term.

The ABC Radio Networks, with over 3,400 affiliates, continues as the country's largest radio network operation and provide stations and listeners with a wide array of information, news and entertainment programming. Featuring the services of ABC News and the commentary of Paul Harvey, the networks reach over 100,000,000 listeners weekly. They produce 9 of the top 10 and 42 of the top 50 programs in network radio. Paul Harvey, ABC Radio Network's foremost personality, continues as the nation's most respected and popular radio commentator.

The networks continue to expand their program offerings domestically and internationally. "The Fabulous Sports Babe" became a successful addition to the ESPN Radio Network. Upon the discontinuation of American Top 40, the networks obtained Rick Dees Weekly Top 40, which has now become the number one countdown show in the contemporary arena. In addition, a series of business-oriented programs are now being offered both domestically, in conjunction with Business Week, and internationally, with the Financial Times of London.

Cable and International Broadcast Group

The Cable and International Broadcast Group's revenue and profit growth far exceeded expectations in 1994 in virtually all of its operating divisions. Its cable television interests, ESPN, A&E Television Network and Lifetime Television, all reported record results. The Group's international media joint ventures performed better than anticipated and are now expected, as a group, to achieve profitability sooner than originally planned.

ESPN, America's largest cable network, had an extraordinary year. Its flagship service, which reaches 63,500,000 U.S. homes, recorded substantial profit growth due to increases in advertising sales and subscriber fees as well as substantially reduced Major League Baseball rights costs. ESPN2 saw its subscribers grow from 10,000,000 at its inception in October 1993 to more than 17,000,000 at year-end 1994. The new network, programmed for young adults 18-34, could begin to operate profitably by the end of 1995. The ESPN International Networks now reach almost 70,000,000 homes in 130 countries and are currently translated into 11 languages. A significant investment is being made in Singapore as a base of operations to bring local-origination foreign language services into the Asian markets. During 1994, ESPN acquired Creative Sports Marketing, a producer and syndicator of sports programming. In January 1995, it acquired an 80 percent interest in SportsTicker, a real-time sports news and information service. In addition, ESPN continued to explore new revenue sources from electronic publishing,

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interactivity, pay-per-view and other new media.

The A&E Television Network and Lifetime Television also enjoyed their best years ever. A&E (37 1/2 percent-owned) enjoyed ratings success with its original series, Biography, while subscribers grew to 55,800,000 in 1994. Since A&E debuted in 1984, it has received more Cable ACE Awards than any other basic cable network. A&E launched a new cable service -- The History Channel -- in January 1995. This service, featuring historical documentaries, movies and mini-series, is a logical extension of A&E. In April 1994, Capital Cities/ABC increased its ownership of Lifetime from 33 1/3 percent to 50 percent. Lifetime Television now reaches 58,400,000 cable homes.

The Group's foreign media joint ventures also achieved better results in 1994. Tele-Munchen (50 percent-owned), a German production and distribution company, had strong earnings growth. RTL 2 (23 percent-owned), a German general entertainment television network, significantly improved its coverage and audience delivery. Should these trends continue, the network could reach breakeven by the end of 1995, within three years of its debut. Similarly, Eurosport (33 percent-owned by ESPN), a pan-European sports service reaching almost 59,000,000 households, could also begin to operate profitably late in 1995. Scandinavian Broadcasting System SA (23 percent-owned) showed cash flow growth in its ongoing television services in Denmark, Norway and Sweden. It has recently acquired radio stations in Denmark, Finland and Sweden and started a new television service in Belgium.

In the fall, the Group, together with DIC Entertainment, became the first American service regularly to broadcast children's programming in China. Two new services, distributed by four regional broadcasters and a consortium of Chinese cable operators, are available to 45 percent of China's television homes. DIC will produce original programming and use animated and live-action features from its existing library. Finally, ABC Distribution produced record results distributing programming internationally for the Company's production entities.

Results for ESPN, DIC and ABC Distribution are consolidated in the broadcasting business segment. Results for A&E, Lifetime and the Group's international joint ventures are accounted for on the equity basis (the proportionate share of income or loss is recorded as other income or expense). As a consequence, the revenues and profits of these activities are not reflected in the operating results of the Broadcasting segment.

Multimedia Group

The year 1994 constituted the first full year of operation for the Multimedia Group, which is responsible for positioning the Company with respect to emerging media and technologies. The Company believes that changes in television in the United States will be evolutionary rather than revolutionary, and that the technological changes on the horizon are not threats to its core businesses, but rather opportunities to expand them. The important unresolved questions about the so-called new media are not merely technological but audience and advertiser-based. It remains to be determined if there will be audience interest and demand for interactive services and program content that is sufficient to justify the significant investment that will be required. During the past year, the Multimedia Group took a number of content-based initiatives, and entered into several business relationships, that were designed to explore the technological opportunities and to create new content forms that will ultimately help to resolve these issues.

One initiative was the creation in September of ABC Online, a group of narrow-band program services carried exclusively on

America Online and designed for the interactive audience. America Online is the fastest growing narrow-band interactive service, with currently more than 2,000,000 customers. Such on-line services as America Online, Prodigy and CompuServe currently provide the only truly interactive audience available to programmers, and the Multimedia Group is developing content designed to test that audience's interests. Over the next few years, it is expected that there will be a significant increase in the number of on-line homes as well as on-line services, and the Group expects to expand significantly the kind of programming material it offers in this environment. Much of that content will come from Capital Cities/ABC's television and publishing resources. However, a significant share of new content will come from outside sources having no relationship to the Company's other programming and publishing activities.

The Company also created a joint venture with Electronic Arts, Inc. that will develop, publish and distribute interactive entertainment and educational packaged software for the children's and information markets. The venture will place primary emphasis on disc technology, such as CD-ROM. However, hardware and audience demands are changing rapidly, and the venture expects to remain flexible and to publish products for more than one platform. The market for interactive software is growing rapidly as consumers purchase the necessary equipment for home use, and the number of available titles, particularly in the children's markets, is also expanding dramatically. ABC-branded titles, along with the strength of the Electronic Arts' distribution system, may well create a competitive advantage in the marketplace. The Multimedia Group expects to enter into relationships with other interactive publishers that will focus on other areas in which the Company's content base and brand name recognition is particularly strong.

The Multimedia Group continued experimentation with cable operators, telephone companies and others who are developing platforms for the distribution of broadband interactive video services. These experiments involve, among other things, time-shifting ABC Television Network programs to determine both audience interest and the impact on regular viewing patterns and schedules. The experiments also involve development of new forms of interactive programming and program services -- particularly news, sports, children's and game services. The development of interactive broadband on-line services of this kind will require significant investment and will take a number of years to roll out, but if there is audience interest, they may well offer significant prospects for expanding the Company's core businesses.

The Multimedia Group established relationships with a number of companies developing out-of-home entertainment services -- on a traveling basis, in shopping malls and entertainment centers, and in museums and other institutions. These investments are intended to make use of the Company's existing production strengths and to determine the potential of what could become a major new form of video entertainment.

During 1994, the Company continued the expansion of the home video distribution activities of Capital Cities/ABC Video Publishing, which was created in 1993. This year saw the distribution of more than 1,000,000 units of video under the ABC Video and ESPN Home Video brands, in large part based on the programming of ABC News, ABC Daytime, ESPN and other divisions.

The Multimedia Group expects to expand these relationships and lines of business throughout 1995 on the basis of prudent evaluations of the changing tastes and needs of the American audience. It also expects to begin working with our traditional advertisers to find ways to integrate them into the new delivery platforms of the future.

*** E11 ***

PUBLISHING

Net revenues for the Publishing Group increased 9 percent in 1994 to $1,102,000,000. Operating income was up 23 percent from 1993. Publishing's 1994 and 1993 results are summarized below:

(Dollars in millions)	1994	1993
Net revenues	$1,102	$1,010
Operating costs	911	851
Depreciation	20	18
Amortization	16	15
Total costs	947	884
Operating income	$ 155	$ 126

The Group's publications reach over 10,000,000 households or business users once or more each month and are read by more than 25,000,000 adults. In addition, the Publishing Group produces specialized books and trade shows, and provides electronic information products. Favorable increases in revenue and operating income occurred virtually across the board among the Group's varied publishing properties. Nearly all the profit centers posted gains, and most enjoyed record years. Profits of the newspaper and shopping guide segment increased 18 percent and specialized publications' operating income was up 42 percent.

Key factors in the 1994 performance included an improving economy; the most able, focused cadre of publishing managers in the Company's history; and the returns on sometimes painful investment spending in prior years. The building process continued in 1994, as new products and initiatives were launched. The rigorous, ongoing examination of relative franchise strength and importance led to the closure of several small trade publications and the announcement that the New England Newspaper Group would be offered for sale.

Newspapers and Shopping Guides

Revenues in 1994 increased 8 percent to more than $600,000,000, fueled importantly by strong increases in classified advertising. Total advertising lineage and paid circulation levels, however, were relatively flat for the dailies. Expenses were up 6 percent. Newsprint costs per ton for the year averaged 2 percent below 1993, with lower costs earlier in the year more than offsetting rapidly escalating prices in the fourth quarter. A large part of the overall cost increase was in advertising sales expense, where our publishers devoted additional resources to gain local market share and maximize advertising revenues.

Operating income increased 18 percent in 1994, the eighth straight year of profit growth for the combined newspaper and shopper operations. Profit margins also reached record levels.

Publishing
Net Revenues

$ Millions

*** E12 ***

1986	1987	1988	1989	1990	1991	1992	1993	1994
970.8	1,006.6	1,023.9	1,057.4	1,102.0	1,052.2	1,078.6	1,010.4	1,102.1

Publishing
Operating Income

$ Millions

1986	1987	1988	1989	1990	1991	1992	1993	1994
159.0	146.7	129.7	130.4	132.4	122.9	136.4	125.6	155.0

However, these results were not achieved at the expense of our readers, as the proportion of total space devoted to news in our dailies was at an all-time high, slightly more than 50 percent, and editorial staffing increased.

Any review of newspaper financial results, and certainly the future outlook, cannot emphasize enough the dynamics of newsprint prices. Since 1989, each of the Company's Annual Reports to Shareholders has highlighted the favorable effect of depressed newsprint prices. In the 1992 report, after noting prices were 18 percent lower than 1991, we indicated that "the unusually long period of benefits from lower newsprint prices appears to be over." That somber prediction was correct; it was just two years early. The current escalation of newsprint prices began in mid-1994 and has developed a rapid momentum. The newspapers' plans for 1995 provided for an average increase in newsprint costs of 33 percent. It is now clear the actual increase will be higher.

The Kansas City Star posted record revenues in 1994, experiencing particularly sharp growth in classified help wanted and in the automotive category. Revenues increased 8 percent while operating income rose 16 percent. Circulation was unchanged. The newspaper began a transition from traditional production to full electronic pagination. The project is scheduled for completion in 1995. The Star also created a Niche Publications and Event Marketing department. Combined with existing database and audiotext advertising capabilities, these services offer Star advertisers new ways to market their services and products. Editorially, The Star was recognized by the Missouri Press Association as the state's overall winner in the major dailies category.

The newspaper initiated the TeenStar program, which identifies promising minority journalists in their high school years and assists them financially through college. TeenStar staff members also contribute to a weekly TeenStar section, which is published in the newspaper's new FYI feature section.

The Fort Worth Star-Telegram achieved record revenues and operating income in 1994, up 6 percent and 15 percent, respectively, from 1993. The Star-Telegram continued expansion of daily zoning in its three primary markets, stressing local, community-oriented news. The two newest editions in Arlington and northeast Tarrant County recorded profits for the first time. Additionally, several new products were launched including La Estrella, a weekly, bilingual section; specialty magazines covering topics such as golf and home furnishings; and an in-flight magazine. Of particular note was the publication and distribution of 750,000 copies of a magazine-quality catalog for the heralded Barnes Exhibit at Fort Worth's Kimbell Art Museum. It was also a banner year for the newsroom which won numerous awards for editorial excellence.

Publishing operations in Michigan recorded their most profitable year, led by strong advertising gains at its daily, The Oakland Press in Pontiac. The eastern Michigan economy was marked by high auto production, low unemployment and healthy retail sales. A major investment in inserting equipment increased preprint capabilities and improved delivery times. The County Press, in Lapeer, showed continued growth and was named "Newspaper of the Year" in its class for the second year in a row by the Michigan Press Association.

In February 1995, Bruce McIntyre retired as President and Publisher of The Oakland Press and relinquished his responsibilities as a Group Executive overseeing the Belleville and Wilkes-Barre operations. Bruce provided distinguished leadership in Pontiac for 17 years, where he had previously served as Vice President and Editor. Dale Duncan, formerly President and Publisher of The Times Leader in Wilkes-Barre, replaced him in both capacities.

The Belleville News-Democrat and its weekly group both posted record revenues and operating income in 1994. The daily received 26 journalism awards, including three national and eight first place awards in state and regional

*** A02 ***
competition. In Wilkes-

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Barre, Pennsylvania, The Times Leader operating income grew 70 percent on a 17 percent revenue improvement. The newspaper, having outgrown its production capacity, began a $14,000,000 capital expansion program which includes a new offset printing press to be installed early in 1996. The Oregon Newspaper Group also enjoyed a record profit year, led by the two dailies in Albany and Ashland. Renovation and expansion of the Albany Democrat-Herald facilities were completed during 1994.

After battling the effects of a weak regional economy in the early 1990's, the New England Newspaper Group had a successful turnaround year in 1994. The Company, however, decided to offer these properties for sale in view of their relative small size.

Sutton Industries, headquartered in Vista, California, had record revenue, operating income and operating margin in 1994. Sutton publishes PennySaver, Magic Ads and Bargain Bulletin shopping guides. The combined circulation approximates 2,100,000 each week and covers the Sacramento, Stockton and San Diego metropolitan areas and parts of Orange and Riverside counties. Sutton initiated several new projects in 1994, including a Spanish language publication called Frontera San Diego, a telephone information system, "Infobank," and expansion of the Bargain Bulletin.

Profits improved for the third consecutive year at Pennypower which distributes almost 300,000 shoppers weekly in Wichita, Kansas, and Springfield, Missouri. The Wichita Regional Telephone Directory, a new business launched last year, and the Company's first endeavor in the Yellow Page industry, has completed and distributed a second successful telephone directory to over 230,000 households and businesses in Wichita, Kansas.

The Northwest Nickels Group operations, which distribute over 750,000 publications each week, enjoyed record operating income, up 18 percent from 1993. The Spokane, Washington and Las Vegas, Nevada units extended their geographic presence with the acquisitions of the Nickel Saver in Moses Lake, Washington, and the Pioneer Shopper in St. George, Utah.

Specialized Publications

The Company's specialized publishing operations had an excellent year in 1994. Excluding the effect of acquisitions, dispositions and start-ups, revenue was up 7 percent and operating income 32 percent, with most publications recording gains.

The Diversified Publishing Group continued to make significant long-term investments while posting increased revenues and operating income. The group is positioned for long-term growth based on the strength of its franchises, recent reinvestment and commitment to excellence.

This was an excellent year for Chilton Publications as it reaped the benefits of investment in publications that are market leaders with strong franchises. Chilton Publications is organized into five publishing groups: Communications, Materials, Manufacturing, Retail and Automotive/Transport. Each of the five groups gained market share in 1994. Ongoing operations, net of acquisitions, dispositions and startups, showed a 26 percent increase in operating income and improvement in operating margin. Warehousing and Convergence, both trade magazines in their second year of development, showed strong improvement. New magazine launches in 1994 included Gem and Review of Ophthalmology. Both were well received in their marketplaces and show signs of strong growth.

Grupo Editorial Expansiun, S.A., the leading business publisher in Mexico, completed its first year as part of Chilton Publications. Revenues and operating income were lower than anticipated due to deterioration in the value of the peso and a business environment adversely affected by political

*** A04 ***
uncertainty. The launch of Manufactura represented the combined efforts of Chilton Publications

personnel in the United States and Mexico. Manufactura represents a strategic tie-in with Chilton's U.S.-based manufacturing magazines and is pacing well.

Chilton Enterprises is comprised of Professional Exposition Management Company, Chilton Research, as well as trade book, and both consumer and professional automotive book operations. Chilton Enterprises invested significantly in new initiatives in trade shows as well as in product repositioning and development. The professional automotive division of Chilton Enterprises released the first version of its CD-ROM product that had been in development for the past three years.

National Insurance Law Service (NILS) again posted a record year in operating profits, beating all performance benchmarks. NILS publishes an indexed version of the insurance laws in all 50 states and U.S. territories. Print version sales have declined as the CD-ROM version (INSource), introduced in 1991, has found solid acceptance in the marketplace. The operating results for NILS should continue to set new records as the mix of electronic to print changes.

The Agricultural Publishing Group which publishes trade magazines serving the farming community experienced good revenue and earnings growth. Los Angeles magazine continued to make significant investments in its editorial product to better compete in its marketplace.

Fairchild Publications' revenues increased 5 percent and operating income was up more than 75 percent in 1994. W was changed in late 1993 from a newspaper broadsheet to a magazine, with its frequency reduced from 26 issues a year to 12. The reinvented W was a significant success in a very difficult fashion magazine advertising environment. Advertising increased by 131 pages and operating profit more than doubled. Newsstand circulation quadrupled, with overall circulation increasing more than 75,000 to over 330,000. The Council of Fashion Designers of America honored W's executive editor with its most prestigious award. During the year, the European edition of W was closed. A "united Europe" was not ready for a pan-European product and the fashion magazine business in Europe -- never robust -- was in the grip of a serious recession. The U.S. W is now being marketed in Europe with some success.

Operating income at the Financial Services and Medical Group nearly doubled. Notwithstanding significant losses sustained by its clients in the fixed-income markets, operating income at Institutional Investor, Inc. increased very dramatically. This gain was partly offset by a 45 percent decline in operating income at the International Medical News Group.

Once again, Institutional Investor magazine received a number of important awards for journalistic excellence. The most prestigious was the Overseas Press Club Award for best business or financial reporting from abroad for magazines. New newsletters were launched dealing with foreign exchange, private asset management and compliance. New journals were started dealing with derivatives and project finance. Launched in 1993, SELLING magazine continued to grow and was nominated for a National Magazine Award in its first year of publication.

Capital Cities Capital

Capital Cities Capital invests in emerging growth companies by providing advertising time and space in Capital Cities/ABC media properties in exchange for an equity interest in these companies. The goal is to help companies grow and prosper through the intelligent use of advertising, to cultivate new advertisers for our media properties and to earn a "venture capital" type of return on investment. The equity interests exchanged for the advertising provided are at market rates. Three transactions have been completed so far and a number of additional transactions are under review.

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*** A07 ***

FINANCIAL OVERVIEW

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

Results of Operations -- 1994 Compared to 1993

Consolidated net revenues for 1994 were $6,379,237,000 an increase of 12% from the $5,673,653,000 reported in 1993, reflecting strong advertiser demand throughout the Company's operations. Broadcasting net revenues for 1994 were $5,277,126,000 compared with $4,663,215,000 in 1993 a 13% increase. Net revenues for the ABC Television Network increased significantly, principally due to greater advertising demand from an improved marketplace and to the network's competitive audience delivery of key demographic groups. ESPN reported very significant revenue increases, primarily due to increased growth in both advertising sales and subscription fees, while television station and radio revenues increased moderately. Publishing Group revenues increased 9%, with comparable gains at both the newspaper operations and the specialized publications.

Total costs and expenses for 1994 were $5,140,426,000, compared with $4,811,504,000 in 1993, a 7% increase with broadcasting costs also increasing 7%. Costs for the ABC Television Network increased moderately in 1994, primarily as a result of higher programming and production, news coverage and administrative expenses. Costs at ESPN also increased moderately due to higher selling general and administrative costs, the start-up of ESPN2 and the effect of two recent acquisitions. Total costs at ESPN in 1994 were favorably affected by substantially reduced rights costs for the telecast of Major League Baseball. Increased costs at the Company's television stations for programming and news were partially offset by a favorable industry-wide music license fee settlement with BMI. This settlement was similar in size and nature to the agreement reached with ASCAP in 1993. Radio expenses were up moderately in 1994 primarily due to higher promotion, sales and administrative expenses, as well as the effect of two recent FM station acquisitions. Publishing Group expenses increased 7% from 1993. Newspaper operations reported moderate cost increases as a result of higher newsprint and general and administrative expenses, while the specialized publications excluding the effect of acquisitions, dispositions and start-ups, also reported moderate increases.

Operating income for 1994 was $1,238,811,000, compared with $862,149,000 in 1993, an increase of 44%, with broadcasting operations increasing 45%. Operating income for the ABC Television Network ESPN and the radio operations each increased very significantly over 1993. Television station operating earnings were up substantially. Publishing Group operating income increased 23%, with the newspapers and specialized publications both reporting substantial increases.

Net financial expense (interest expense less interest income) for 1994 increased $7,395,000 from 1993. Interest expense decreased $4,702,000 primarily as a result of a reduction of outstanding long-term, debt somewhat offset by lower capitalized interest. Interest income was $12,097,000 lower in 1994, mainly due to the use of cash for long-

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Operating Income

$ Millions

1986	1987	1988	1989	1990	1991	1992	1993	1994
602.7	746.0	816.0	922.5	923.2	761.2	721.8	862.1	1,238.8

term debt redemptions and repurchases of common stock, partially offset by higher interest rates. Interest of $4,284,000 and $10,283,000 was capitalized in 1994 and 1993, respectively. The Company's effective tax rate was 43.6% in both 1994 and 1993.

Consolidated net income for 1994 was $679,814,000, compared with $467,379,000 reported in 1993 (before an extraordinary charge). Earnings per share for 1994 were $4.42, an increase of 55% from the $2.85 reported in 1993 (before the extraordinary charge). Average shares outstanding in 1994 were 153,890,000 compared with 163,800,000 in 1993, the decline resulting from repurchases of the Company's common stock during 1993 and 1994. The 1993 earnings per share and average shares outstanding have been restated to reflect the June 1994 ten-for-one stock split. During 1993, an extraordinary charge (after-tax) of $12,122,000, or $0.07 per share, was recorded relating to early debt redemptions.

Results of Operations -- 1993 Compared to 1992

Consolidated net revenues for 1993 were $5,673,653,000, an increase of 6% from the $5,344,127,000 reported in 1992. Most of the Company's advertiser-supported businesses were positively affected by increased demand and an improvement in the economic environment. Broadcasting net revenues for 1993 were $4,663,215,000, compared with $4,265,561,000 in 1992, a 9% increase. Net revenues for the ABC Television Network increased moderately, principally due to an improved advertising marketplace, the absence of the telecast of the Winter and Summer Olympics on other networks and higher sales of internally-produced product. ESPN reported significant revenue increases, primarily due to increased growth in both advertising sales and subscription fees, while television station and radio revenues increased moderately. Publishing revenues, excluding the effect of 1992 and 1993 acquisitions, dispositions and start-ups, increased 3% with gains at the newspaper operations and most of the specialized publications.

Total costs and expenses for 1993 were $4,811,504,000, compared with $4,622,322,000 in 1992, a 4% increase. Broadcasting costs in 1993 increased 7% from 1992. Costs and expenses for the ABC Television Network increased moderately in 1993, primarily as a result of increased provisions for reductions in staffing, a higher level of internally-produced programming and higher rights costs. Costs at ESPN increased significantly due to higher programming expenses and the start-up of ESPN2. Increased costs for programming and news at the Company's television stations were partially offset by the reversal of excess provisions for music license fees upon the resolution of a long-standing dispute with ASCAP. Radio expenses were up slightly in 1993. Excluding the effect of 1992 and 1993 acquisitions, dispositions and start-ups, Publishing Group expenses increased 4% from 1992. Higher newsprint and circulation expenses at the newspaper operations, and slight increases at the specialized publications contributed to the increase.

Operating income for 1993 was $862,149,000 compared with $721,805,000 in 1992, a 19% increase. The ABC Television Network reported a significant increase in operating earnings as did the radio operations and ESPN. The television stations reported a moderate increase in earnings. Excluding acquisitions, dispositions and start-ups, publishing operating earnings decreased 1% from the prior year.

Net financial expense (interest expense less interest income) for 1993 decreased $28,929,000 from 1992. Interest expense decreased $44,237,000 primarily as a result of a reduction of outstanding long-term debt. Interest income was $15,308,000 lower in 1993 due primarily to the use of cash for long-term debt redemptions and substantially lower rates of return on invested cash. Interest of $10,283,000 and $12,511,000 was capitalized in 1993 and 1992 respectively.

Miscellaneous income decreased $26,822,000 in 1993, mainly as a result of the absence of the nonrecurring net gain recorded in 1992 on the sale of the Company's interest in a German television network, partially offset by losses provided for or incurred on the disposal of certain nonoperating assets. The Company's effective tax rate was 43.6% in 1993 and 43.2% in 1992. The 1993 results include an increase in the federal tax provision of $12,000,000 ($0.07 per share) to reflect the requirements of the Omnibus Budget Reconciliation Act of 1993 ("Tax Act of 1993").

Consolidated net income before an extraordinary charge in 1993 and the cumulative effect of accounting changes in 1992 was $467,379,000 for the full year of 1993, compared with $389,328,000 earned in 1992. Earnings per share before these items were $2.85 in 1993 an increase of 22% from the $2.34 reported in 1992. Excluding the additional tax provision of $0.07 per share 1993 earnings per share would have been $2.92, an increase of 25% from 1992. Average shares outstanding in 1993 were 163,800,000 compared with 166,000,000 in 1992. The decline reflected repurchases of the Company's common stock during 1992 and 1993.

During 1993, an extraordinary charge (after-tax) of $12,122,000 or $0.07 per share, was recorded relating to early debt redemptions. Results for 1992 included an after-tax, noncash charge of $143,235,000 or $0.86 per share, to reflect the adoption of Financial Accounting Standard No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" and Financial Accounting Standard No. 109, "Accounting for Income Taxes."

Cash and Cash Flows

Net cash provided by operating activities was $976,224,000, an increase of $315,706,000 from the $660,518,000 reported in 1993. The increase was primarily attributable to higher 1994 net income, a larger decrease in net program licenses and rights, and greater increases in deferred liabilities and noncash items.

Net cash used in investing activities was $430,950,000, an increased use of $557,458,000 from the $126,508,000 provided in 1993. The increase in cash used in investing activities was primarily a result of increased capital spending and acquisition activity in 1994, as well as an increase in short-term investments compared with a substantial reduction in such investments in 1993.

Net cash used in financing activities was $28,186,000, a decrease of $1,181,485,000 from the $1,209,671,000 used in 1993. The decrease was primarily attributable to substantially less repurchases of the Company's common stock and a significant reduction in long-term debt payments in 1994, slightly offset by an increase in dividends paid in the current year.

At December 31, 1994, cash and short-term cash investments were $781,371,000 an increase of $517,088,000 from the prior year. However, after the inclusion of short-term investments, the balance at December 31, 1994 aggregated $1,019,400,000, an increase of $581,294,000 from $438,106,000 at December 31, 1993. The Company's policy is very conservative with respect to investment of its cash. At December 31, 1994, all of the Company's cash was invested in highly liquid United States Government instruments with a weighted average life to maturity of 45 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, 1994 $238,029,000 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. The Company's policy is not to invest in derivative instruments.

Capital Cities/ABC

Capital Expenditures and Program Commitments

In 1994, capital expenditures amounted to $121,460,000, up from the $97,788,000 spent in 1993. The largest portion of the 1994 spending was in the Company's broadcasting operations where $102,900,000 was spent. Broadcasting capital expenditures included $29,000,000 for facilities improvements and $73,900,000 for broadcast equipment to support current operations.

In 1994, the Publishing Group spent $16,500,000 for equipment for ongoing operations and $1,700,000 for facilities improvements.

The Company anticipates that 1995 capital expenditures will approach $150,000,000, approximately $80,000,000 of which was carryover spending from 1994. Total anticipated capital spending includes $40,000,000 for facilities and $110,000,000 for broadcast and publishing equipment to support ongoing operations.

As the operator of the ABC Television Network, ESPN and television and radio 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 $4,066,000,000 at the end of 1994. This amount is substantially payable over the next five 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 Structure

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

Stockholders' equity amounted to $4,288,557,000 at December 31, 1994, an increase of $716,441,000 from the 1993 year-end total of $3,572,116,000. The increase was attributable to the addition of $679,814,000 of net income and $31,099,000 from common stock issued under employee stock plans, partially offset by $51,480,000 of treasury stock purchases and cash dividends.

At December 31, 1994, total interest-bearing debt was $614,842,000, a net decrease of $7,118,000 from 1993. As more fully described in Note 2 to the Consolidated Financial Statements, total interest-bearing debt at December 31, 1994 includes $100,000,000 of commercial paper supported by a $1,000,000,000 bank revolving credit agreement, $500,000,000 of public notes and debentures with an aggregate average maturity of just under 16 years and $14,842,000 of other miscellaneous long-term debt. At December 31, 1994 the weighted average interest rates of the commercial paper and of the other public instruments were 5.5% and 8.8%, respectively. 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.

Capital Expenditures

$ Millions

1986	1987	1988	1989	1990	1991	1992	1993	1994
153.1	116.3	153.4	193.5	120.8	121.0	114.7	97.8	121.5

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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
1994..................	$ 614.8	$5,267.1	12%
1993..................	622.0	4,531.4	14%
1992..................	1,116.0	5,255.5	21%
1991..................	1,602.3	5,521.2	29%
1990..................	1,947.4	5,542.5	35%

The Company's return on average stockholders' equity improved to 17.3% in 1994 from 12.1% in 1993, as a result of the significant increase in 1994 net income combined with the full year impact of 1993 share repurchases.

Since 1988, the Board of Directors of the Company has authorized the repurchase of up to 30,000,000 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, 1995, the Company has repurchased 20,320,600 of its shares under these authorizations for a total cost of $930,300,000, at an average cost of approximately $46.00 per share. In addition to open market repurchases, on December 1, 1993, through a tender offer, the Company repurchased 10,950,000 shares of common stock at $63.00 per share.

Intangible Assets

At December 31, 1994, the Company's intangible assets, before accumulated amortization, totaled approximately $2,592,000,000, which accounted for approximately 35% 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 periods of up to 40 years. This practice is arbitrarily mandated by Opinion No. 17 without regard to whether these assets have 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 broadcasting and publishing assets, understate net income and stockholders' equity. The amortization of intangible assets had the effect of reducing 1994 net income by approximately $59,200,000 or $0.38 per share. Historically, the amortization of substantially all intangible assets recorded prior to August 1993 was not deductible in computing income taxes to be paid. Subsequent to this date, under the Tax Act of 1993, directly acquired intangible assets will be deductible for income tax purposes over 15 years.

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Capital Cities/ABC

FINANCIAL SUMMARY 1984-1994

(Dollars in thousands except per share data)

	1994	1993	
RESULTS FOR THE YEAR			
Net revenues			
Broadcasting	$5,277,126	$4,663,215	$4,
Publishing	1,102,111	1,010,438	1,
Total	6,379,237	5,673,653	5,
Operating income			
Broadcasting	$1,127,198	$ 778,077	$
Publishing	155,018	125,647	
Income from operations	1,282,216	903,724	
General corporate expense	(43,405)	(41,575)	
Total	1,238,811	862,149	
Income before extraordinary items and cumulative effect of accounting changes (a)	$ 679,814	$ 467,379	$
Income per share before extraordinary items and cumulative effect of accounting changes (a) (c)	$4.42	$2.85	$
Cash dividends per common share (c)	$0.155	$0.02	
Average shares (000's omitted) (c)	153,890	163,800	
Return on average stockholders' equity (b)	17.3%	12.1%	
SELECTED CASH FLOW DATA			
Cash provided			
Operations, before changes in operating assets and liabilities	$ 948,652	$ 662,760	$
Proceeds from issuance of long-term debt	-	-	
Proceeds from dispositions of operating companies and equity investments	-	12,500	
Cash applied			
Acquisition of operating companies and equity investments	$ 214,536	$ 133,294	$
Common stock purchased for treasury	27,607	715,010	
Capital expenditures	121,460	97,788	
Payments of long-term debt	7,805	504,873	
Dividends	23,873	3,238	
AT YEAR-END			
Working capital	$1,672,631	$1,121,411	$1,
Total assets	6,768,212	5,792,618	6,
Long-term debt	614,842	621,960	1,
Stockholders' equity	4,288,557	3,572,116	3,
Number of shares outstanding (000's omitted) (c)	154,058	153,830	
Price range of common stock			
Closing market price (c)	$85 1/4	$62	
High for the year (c)	86 1/2	64 3/8	
Low for the year (c)	60 1/4	47 5/8	

(a) Extraordinary items amounted to charges of $12,122,000 ($0.07 per share)

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	1994	1993	1992	1991	1990	1989
...	$5,277,126	$4,663,215	$4,265,561	$4,329,743	$4,283,633	$3,899,989
...	1,102,111	1,010,438	1,078,566	1,052,246	1,101,969	1,057,405
...	6,379,237	5,673,653	5,344,127	5,381,989	5,385,602	4,957,394
...	$1,127,198	$ 778,077	$ 619,317	$ 669,708	$ 830,457	$ 836,149
...	155,018	125,647	136,389	122,905	132,371	130,444
...	1,282,216	903,724	755,706	792,613	962,828	966,593
...	(43,405)	(41,575)	(33,901)	(31,380)	(39,613)	(44,081)
...	1,238,811	862,149	721,805	761,233	923,215	922,512
...	$ 679,814	$ 467,379	$ 389,328	$ 374,696	$ 477,780	$ 485,727
...	$4.42	$2.85	$ 2.34	$2.23	$2.77	$2.72
...	$0.155	$0.02	$0.02	$0.02	$0.02	$0.02
...	153,890	163,800	166,000	167,800	172,400	178,250
...	17.3%	12.1%	10.4%	10.7%	14.3%	15.4%
...	$ 948,652	$ 662,760	$ 519,414	$ 512,882	$ 672,705	$ 701,269
...	-	-	-	253,922	250,500	2,200
...	-	12,500	150,168	1,228	5,018	7,490
...	$ 214,536	$ 133,294	$ 2,432	$ 48,733	$ 61,983	$ 81,465
...	27,607	715,010	118,410	83,714	446,724	232,849
...	121,460	97,788	114,736	120,998	120,812	193,542
...	7,805	504,873	486,327	599,302	2,475	1,556
...	23,873	3,238	3,321	3,346	3,417	3,538
...	$1,672,631	$1,121,411	$1,637,763	$1,656,781	$1,919,944	$1,735,617
...	6,768,212	5,792,618	6,522,159	6,695,712	6,696,187	6,359,507
...	614,842	621,960	1,115,983	1,602,259	1,947,390	1,695,071
...	4,288,557	3,572,116	3,805,742	3,654,833	3,367,897	3,291,860
...	154,058	153,830	164,440	166,390	167,590	175,340
...	$85 1/4	$62	$50 3/4	$ 43 3/8	$ 45 7/8	$ 56 3/8
...	86 1/2	64 3/8	52 1/8	50 3/8	63 1/4	56 3/4
...	60 1/4	47 5/8	41	35 3/4	38	35 1/4

122,000 ($0.07 per share)

*** BOS ***

in 1993 and $31,203,000 ($0.19 per share) in 1991, and gains of $265,746,000 ($1.64 per share) in 1986 and $7,585,000 ($0.06 per share) in 1984. Cumulative effect of accounting changes amounted to a charge of $143,235,000 ($0.86 per share) in 1992.

(b) Income before extraordinary items and cumulative effect of accounting changes, divided by average stockholders' equity.

(c) Restated to reflect June 1994 ten-for-one stock split.

	1988	1987
RESULTS FOR THE YEAR		
Net revenues		
Broadcasting	$ 3,749,557	$3,433,749
Publishing	1,023,896	1,006,597
Total	4,773,453	4,440,346
Operating income		
Broadcasting	$ 722,171	$ 632,910
Publishing	129,720	146,717
Income from operations	851,891	779,627
General corporate expense	(35,862)	(33,637)
Total	816,029	745,990
Income before extraordinary items and cumulative effect of accounting changes (a)	$ 387,076	$ 279,078
Income per share before extraordinary items and cumulative effect of accounting changes (a) (c)	$2.23	$1.65
Cash dividends per common share (c)	$0.02	$0.02
Average shares (000's omitted) (c)	173,500	169,500
Return on average stockholders' equity (b)	14.7%	13.4%
SELECTED CASH FLOW DATA		
Cash provided		
Operations, before changes in operating assets and liabilities	$ 558,633	$ 468,380
Proceeds from issuance of long-term debt	500	-
Proceeds from dispositions of operating companies and equity investments	19,072	-
Cash applied		
Acquisition of operating companies and equity investments	$ 18,143	$ 13,248
Common stock purchased for treasury	3,644	576
Capital expenditures	153,413	116,309
Payments of long-term debt	3,458	124,904
Dividends	3,427	3,231
AT YEAR-END		
Working capital	$ 1,504,954	$ 640,574
Total assets	6,088,871	5,378,372
Long-term debt	1,693,543	1,696,901
Stockholders' equity	3,025,505	2,224,921
Number of shares outstanding (000's omitted) (c)	179,990	161,930
Price range of common stock		
Closing market price (c)	$ 36 1/4	$ 34 1/2
High for the year (c)	37	45
Low for the year (c)	29 3/4	26 3/4

(a) Extraordinary items amounted to charges of $12,122,000 ($0.07 per share) in 1993 and $31,203,000 ($0.19 per share) in 1991, and gains of $265,746,000 ($1.64 per share) in 1986 and $7,585,000 ($0.06 per share) in

*** B07 ***

	1988	1987	1986	1985	1984
....	$ 3,749,557	$3,433,749	$3,153,619	$ 378,297	$ 348,106
....	1,023,896	1,006,597	970,755	642,583	591,616
....	4,773,453	4,440,346	4,124,374	1,020,880	939,722
....	$ 722,171	$ 632,910	$ 474,535	$ 150,970	$ 144,182
....	129,720	146,717	158,999	138,512	133,179
....	851,891	779,627	633,534	289,482	277,361
....	(35,862)	(33,637)	(30,856)	(11,981)	(9,849)
....	816,029	745,990	602,678	277,501	267,512
....	$ 387,076	$ 279,078	$ 181,943	$ 142,222	$ 135,193
....	$2.23	$1.65	$1.12	$1.09	$ 1.04
....	$0.02	$0.02	$0.02	$0.02	$ 0.02
....	173,500	169,500	162,500	130,800	130,000
....	14.7%	13.4%	9.7%	17.5%	19.9%
....	$ 558,633	$ 468,380	$ 268,162	$ 223,296	$ 196,600
....	500	-	1,350,507	493,329	18,065
....	19,072	-	703,378	7,222	5,000
....	$ 18,143	$ 13,248	$3,162,661	$ 51,109	$ 146,843
....	3,644	576	1,075	484	46,135
....	153,413	116,309	153,082	75,384	53,866
....	3,458	124,904	367,528	7,872	16,030
....	3,427	3,231	3,219	2,595	2,570
....	$ 1,504,954	$ 640,574	$ 416,230	$ 830,986	$ 240,985
....	6,088,871	5,378,372	5,191,416	1,884,931	1,208,172
....	1,693,543	1,696,901	1,821,805	714,298	222,995
....	3,025,505	2,224,921	1,948,627	889,260	734,455
....	179,990	161,930	161,260	129,980	128,670
....	$ 36 1/4	$ 34 1/2	$ 26 3/4	$ 22 1/2	$ 16 1/2
....	37	45	28	22 7/8	17 1/2
....	29 3/4	26 3/4	20 7/8	15 1/4	12 3/8

122,000 ($0.07 per share)
91, and gains of
85,000 ($0.06 per share) in

*** B08 ***

1984. Cumulative effect of accounting changes amounted to a charge of $143,235,000 ($0.86 per share) in 1992.

(b) Income before extraordinary items and cumulative effect of accounting changes, divided by average stockholders' equity.

(c) Restated to reflect June 1994 ten-for-one stock split.

Capital Cities/ABC

CONSOLIDATED STATEMENT OF INCOME

Years ended December 31, 1994, 1993 and 1992
(Dollars in thousands except per share amounts)

	1994	1993	1992
Net revenues	$6,379,237	$5,673,653	$5,344,127
Costs and expenses			
Direct operating expenses	3,745,689	3,557,301	3,421,054
Selling, general and administrative	1,222,202	1,097,826	1,043,595
Depreciation	109,128	95,032	95,664
Amortization of intangible assets	63,407	61,345	62,009
	5,140,426	4,811,504	4,622,322
Operating income	1,238,811	862,149	721,805
Other income (expense)			
Interest expense	(55,070)	(59,772)	(104,009
Interest income	24,553	36,650	51,958
Miscellaneous, net	(2,980)	(10,648)	16,174
	(33,497)	(33,770)	(35,877
Income before income taxes	1,205,314	828,379	685,928
Income taxes			
Federal	425,700	300,100	245,500
State and local	99,800	60,900	51,100
	525,500	361,000	296,600
Income before extraordinary change and cumulative effect of accounting changes	679,814	467,379	389,328
Extraordinary charge, net of income taxes	-	(12,122)	-
Cumulative effect of accounting changes, net of income taxes	-	-	(143,235
Net income	$ 679,814	$ 455,257	$ 246,093
Income per share before extraordinary charge and cumulative effect of accounting changes	$4.42	$2.85	$2.34
Extraordinary charge per share	-	(.07)	-
Cumulative effect of accounting changes per share	-	-	(.86
Net income per share	$4.42	$2.78	$1.48
Average shares outstanding (000's omitted)	153,890	163,800	166,000

See accompanying notes

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1994	1993	1992
6,379,237	$5,673,653	$5,344,127
3,745,689	3,557,301	3,421,054
1,222,202	1,097,826	1,043,595
109,128	95,032	95,664
63,407	61,345	62,009
5,140,426	4,811,504	4,622,322
1,238,811	862,149	721,805
(55,070)	(59,772)	(104,009)
24,553	36,650	51,958
(2,980)	(10,648)	16,174
(33,497)	(33,770)	(35,877)
1,205,314	828,379	685,928
425,700	300,100	245,500
99,800	60,900	51,100
525,500	361,000	296,600
679,814	467,379	389,328
-	(12,122)	-
-	-	(143,235)
679,814	$ 455,257	$ 246,093
$4.42	$2.85	$2.34
-	(.07)	-
-	-	(.86)
$4.42	$2.78	$1.48
153,890	163,800	166,000

CONSOLIDATED STATEMENT OF CASH FLOWS

Years ended December 31, 1994, 1993 and 1992
(Dollars in thousands)

	1994	1993	
Cash flows from operating activities			
Net income	$ 679,814	$ 455,257	$ 2
Adjustments to reconcile net income to net cash			
Noncash and nonoperating items			
Depreciation	109,128	95,032	
Amortization of intangible assets	63,407	61,345	
Increase (decrease) in deferred liabilities	45,988	7,995	(
Extraordinary charge, early debt redemption	--	12,122	
Cumulative effect of accounting changes	--	--	1
Other noncash and nonoperating items	50,315	31,009	
Cash from operations before changes in operating assets and liabilities, net of effects of acquisitions and dispositions	948,652	662,760	5
Decrease (increase) in program assets and liabilities, net	63,779	29,722	(1
(Increase) in accounts receivable	(169,572)	(57,895)	
Increase in accounts payable, accrued expenses and other current liabilities	156,225	5,741	
(Increase) decrease in other operating assets, net	(22,860)	20,190	(
Net cash provided by operating activities	976,224	660,518	4
Cash flows from investing activities			
Capital expenditures	(121,460)	(97,788)	(1
Acquisition of operating companies and equity investments	(214,536)	(133,294)	
(Increase) decrease in short-term investments	(64,246)	337,022	
Proceeds from disposition of real estate	22,000	--	
Proceeds from dispositions of operating companies and equity investments	--	12,500	1
Other investing activities, net	(52,708)	8,068	(
Net cash (used in) provided by investing activities	(430,950)	126,508	1
Cash flows from financing activities			
Common stock purchased for treasury	(27,607)	(715,010)	(1
Common stock issued under employee stock plans	31,099	29,365	
Dividends	(23,873)	(3,238)	
Payments of long-term debt	(7,805)	(504,873)	(4
Premium on early redemption of debt	--	(15,915)	
Net cash (used in) financing activities	(28,186)	(1,209,671)	(5
Net increase (decrease) in cash and short-term cash investments	517,088	(422,645)	(
Cash and short-term cash investments			
Beginning of period	264,283	686,928	7
End of period	$ 781,371	$ 264,283	$ 6

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	1994	1993	1992
..	$ 679,814	$ 455,257	$ 246,093
..	109,128	95,032	95,664
..	63,407	61,345	62,009
..	45,988	7,995	(26,458)
..	--	12,122	--
..	--	--	143,235
..	50,315	31,009	(1,129)
..	948,652	662,760	519,414
..	63,779	29,722	(129,064)
..	(169,572)	(57,895)	(2,842)
..	156,225	5,741	47,125
..	(22,860)	20,190	(10,357)
..	976,224	660,518	424,276
..	(121,460)	(97,788)	(114,736)
..	(214,536)	(133,294)	(2,432)
..	(64,246)	337,022	99,413
..	22,000	--	53,149
..	--	12,500	150,168
..	(52,708)	8,068	(67,444)
..	(430,950)	126,508	118,118
..	(27,607)	(715,010)	(118,410)
..	31,099	29,365	26,547
..	(23,873)	(3,238)	(3,321)
..	(7,805)	(504,873)	(486,327)
..	--	(15,915)	--
..	(28,186)	(1,209,671)	(581,511)
..	517,088	(422,645)	(39,117)
..	264,283	686,928	726,045
..	$ 781,371	$ 264,283	$ 686,928

*** **C01** ***
See accompanying notes

*** C02 ***

Capital Cities/ABC

CONSOLIDATED BALANCE SHEET

December 31, 1994 and 1993
(Dollars in thousands)

ASSETS	1994	1993
Current Assets		
Cash and short-term cash investments	$ 781,371	$ 264,283
Short-term investments	238,029	173,823
Accounts and notes receivable (net of allowance for doubtful accounts of $46,419 in 1994 and $44,650 in 1993)	1,056,280	881,955
Program licenses and rights	440,443	495,125
Other current assets	200,064	176,966
Total current assets	2,716,187	1,992,152
Property, plant and equipment, at cost		
Land	297,525	334,719
Buildings and improvements	718,806	707,902
Broadcasting and publishing equipment	944,031	788,528
Other, including construction-in-progress	162,132	238,864
	2,122,494	2,070,013
Less accumulated depreciation	831,838	751,286
Property, plant and equipment, net	1,290,656	1,318,727
Intangible assets (net of accumulated amortization of $592,637 in 1994 and $529,338 in 1993)	1,999,305	2,034,680
Program licenses and rights, noncurrent	195,563	190,925
Investment in unconsolidated equity affiliates	334,460	153,904
Other assets	232,041	102,230
	$6,768,212	$5,792,618

See accompanying notes

LIABILITIES AND STOCKHOLDERS' EQUITY	1994	1993
Current liabilities		
Accounts payable	$ 163,566	$ 144,249
Accrued compensation	131,370	102,992
Accrued interest	9,636	9,574
Accrued expenses and other current liabilities	263,618	201,052
Program licenses and rights	281,923	264,935
Taxes on income	189,267	142,640
Long-term debt due within one year	4,176	5,299
Total current liabilities	1,043,556	870,741
Deferred compensation	188,492	109,649
Deferred income taxes	247,532	240,935
Program licenses and rights, noncurrent	39,259	42,233
Other liabilities	233,987	243,859
Long-term debt due after one year	610,666	616,661
Total liabilities	2,363,492	2,124,078
Minority interest	116,163	96,424
Stockholders' equity		
Preferred stock, no par value (4,000,000 shares authorized)	-	-
Common stock, $0.10 par value (300,000,000 shares authorized)	18,394	18,394
Additional paid-in capital	1,036,068	1,030,634
Unrealized net gains on investments	57,008	--
Retained earnings	4,748,624	4,092,683
	5,860,094	5,141,711
Less common stock in treasury, at cost (29,877,163 shares in 1994 and 30,109,100 shares in 1993)	1,571,537	1,569,595
Total stockholders' equity	4,288,557	3,572,116
	$6,768,212	$5,792,618

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Capital Cities/ABC

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Years Ended December 31, 1994, 1993, and 1992 (Dollars in thousands)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	UNREALIZED NET GAINS ON INVESTMENTS	RETAINE EARNING
Balance January 1, 1992............	$18,394	$1,017,195	$ --	$3,397,8
Net income for 1992..............	--	--	--	246,0
649,370 shares issued under Employee Stock Purchase Plan....	--	14,870	--	
130,780 shares issued on exercise of employee stock options.........................	--	(458)	--	
2,729,230 shares purchased for treasury....................	--	--	--	
Cash dividends..................	--	--	--	(3,3
Balance December 31, 1992..........	18,394	1,031,607	--	3,640,6
Net income for 1993..............	--	--	--	455,2
725,850 shares issued under Employee Stock Purchase Plan....	--	1,023	--	
104,550 shares issued on exercise of employee stock options.........................	--	(1,996)	--	
11,442,170 shares purchased for treasury....................	--	--	--	
Cash dividends..................	--	--	--	(3,2
Balance December 31, 1993..........	18,394	1,030,634	--	4,092,6
Net income for 1994..............	--	--	--	679,8
648,480 shares issued under Employee Stock Purchase Plan....	--	5,993	--	
31,402 shares issued on exercise of employee stock options.........................	--	(559)	--	
447,945 shares purchased for treasury....................	--	--	--	
Cash dividends..................	--	--	--	(23,8
Adjustment to beginning balance for change in accounting method, net of income taxes of $32,174..	--	--	46,491	
Change in unrealized net gains, net of income taxes of $7,278...	--	--	10,517	
Balance December 31, 1994..........	$18,394	$1,036,068	$57,008	$4,748,6

See accompanying notes

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DITIONAL AID-IN APITAL	UNREALIZED NET GAINS ON INVESTMENTS	RETAINED EARNINGS	TREASURY STOCK	TOTAL
017,195	$ --	$3,397,892	$ (778,648)	$3,654,833
--	--	246,093	--	246,093
14,870	--	--	9,064	23,934
(458)	--	--	3,071	2,613
--	--	--	(118,410)	(118,410)
--	--	(3,321)	--	(3,321)
031,607	--	3,640,664	(884,923)	3,805,742
--	--	455,257	--	455,257
1,023	--	--	26,437	27,460
(1,996)	--	--	3,901	1,905
--	--	--	(715,010)	(715,010)
--	--	(3,238)	--	(3,238)
030,634	--	4,092,683	(1,569,595)	3,572,116
--	--	679,814	--	679,814
5,993	--	--	24,480	30,473
(559)	--	--	1,185	626
--	--	--	(27,607)	(27,607)
--	--	(23,873)	--	(23,873)
--	46,491	--	--	46,491
--	10,517	--	--	10,517
036,068	$57,008	$4,748,624	$(1,571,537)	$4,288,557

*** C06 ***

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. The Company's share of income or loss is included in "Miscellaneous, net" on the income statement. 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 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.

Investments -- As of January 1, 1994, the Company adopted Statement of Financial Accounting Standard No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The cumulative effect of adopting Standard No. 115 increased the opening balance of stockholders' equity by $46,491,000 (net of $32,174,000 of deferred income taxes) to reflect the net unrealized holding gains on securities classified as available-for-sale previously carried at amortized cost or the lower of cost or market.

Cash and short-term cash investments consist primarily of highly liquid U.S. Government obligations with maturities of three months or less at the time of purchase. They include $547,111,000 of securities which are classified as held-to-maturity and are carried at amortized cost, which approximates market. Also included are securities which are classified as available-for-sale which, as of December 31, 1994, have a fair value of $200,471,000, which approximates cost.

Short-term investments, which consist of highly liquid U.S. Government instruments with original maturities in excess of three months, include $232,070,000 of securities which are classified as held-to-maturity. They are carried at amortized cost, which approximates market. The remainder of the short-term investments are considered available-for-sale and have a fair value of $5,959,000, which approximates cost.

Also classified as available-for-sale are marketable equity securities which are included in "Other assets" on the balance sheet with a cost of $37,084,000 and a market value of $133,584,000.

Other -- In June 1994, the Company effected a ten-for-one stock split on common shares then outstanding. All share, per share and average share information in

*** C07 ***
the Consolidated Financial Statements and the Notes thereto have been restated to reflect the stock split.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

2. Long-term Debt

Long-term debt at December 31, 1994 and 1993 is as follows (000's omitted):

	1994	1993
Commercial paper supported by bank revolving credit agreement	$ 100,000	$ 100,000
8 3/4% debentures due 2021	250,000	250,000
8 7/8% notes due 2000	250,000	250,000
Other long-term debt	14,842	21,960
	$ 614,842	$ 621,960

The aggregate payments of long-term debt outstanding at December 31, 1994, for the next five years, excluding commercial paper, are summarized as follows: 1995 - $4,176,000; 1996 - $2,244,000; 1997 - $2,413,000; 1988 - $6,009,000; 1999 - none.

Interest paid on long-term debt during 1994, 1993 and 1992 amounted to $59,292,000, $83,002,000 and $139,674,000, respectively.

A subsidiary of the Company has issued commercial paper, $100,000,000 of which was outstanding at December 31, 1994, at a weighted average interest rate of 5.5%. The commercial paper is supported by a $1,000,000,000 bank revolving credit agreement terminating on June 30, 1999, 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 $2,700,000,000 at December 31, 1994, increasing annually by 33 percent of the consolidated net income of the previous year. The commercial paper outstanding at December 31, 1994 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 1995 is expected to fluctuate and may be reduced from time to time. The Company has unconditionally guaranteed the commercial paper, and any borrowings which may be made by a subsidiary under the bank revolving credit agreement.

The 8 7/8% notes and the 8 3/4% debentures 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.

During 1993, the Company redeemed $500,000,000 of notes and debentures. An extraordinary charge of $12,122,000 (net of income taxes of $7,706,000), or $0.07 per share, was recorded related to these redemptions.

The fair value of the Company's long-term debt, estimated based on the quoted market prices for similar issues or on the current rates offered to the Company for debt of similar remaining maturities, was approximately $628,000,000 and $702,000,000 at December 31, 1994 and 1993, respectively.

*** C09 ***

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3. Employee Benefit Plans

The Company has defined benefit pension plans covering substantially all of its employees not covered by union plans. The Company's policy is to fund amounts as are necessary on an actuarial basis to provide for pension 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 8.5% at December 31, 1994 and 8% at December 31, 1993. The rate of increase in future compensation levels and the expected long-term rate of return on assets were 5% and 8%, respectively, in 1994 and 1993.

The components of net pension cost for 1994, 1993 and 1992 are as follows (000's omitted):

	1994	1993	1992
Service cost of current period......................	$ 18,624	$ 15,494	$ 15,077
Interest cost on projected benefit obligation	48,049	42,499	39,548
Actual return on plan assets......................	(18,294)	(39,731)	(42,650)
Net amortization and deferral....................	(18,799)	2,561	5,864
Net pension cost.............	$ 29,580	$ 20,823	$ 17,839

The following table sets forth the pension plans' funded status and amounts recognized in the balance sheet at December 31, 1994 and 1993 (000's omitted):

Actuarial present value of accumulated plan benefits
(including vested benefits of $477,029 in 1994 and $479,332 in 1993)................

Plan assets at fair value, primarily publicly traded securities and
short-term cash investments...
Projected benefit obligation for service rendered to date............................

Plan assets less than projected benefit obligation...................................
Prior service cost not yet recognized in net periodic pension cost...................
Unrecognized net loss from past experience different from that assumed...............
Unrecognized net transition amount being recognized principally over 15 years.........

Accrued pension cost included in balance sheet.......................................

For certain employees not covered by pension plans, the Company contributes to profit sharing 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 $6,228,000, $6,045,000 and

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ng substantially all of its
policy is to fund amounts
r pension benefits in
are generally based on
rage discount rate used in
cted benefit obligation was
3. The rate of increase in
m rate of return on assets

d 1992 are as follows (000's

	1992
4	$ 15,077
9	39,548
1)	(42,650)
1	5,864
3	$ 17,839

nded status and amounts
and 1993 (000's omitted):

	1994	1993
$479,332 in 1993)....................	$ 491,692	$495,304
securities and		
....	$ 523,774	$522,096
date.................................	(599,884)	(585,710)
....	(76,110)	(63,614)
c pension cost........................	25,867	39,493
from that assumed....................	14,101	6,095
principally over 15 years............	(12,470)	(14,547)
....	$(48,612)	$(32,573)

the Company contributes to
ide for contributions by the
annually determine.
000, $6,045,000 and

*** C11 ***
$6,192,000 were charged to expense in 1994, 1993 and 1992, respectively.

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, several diversified equity funds, a bond fund and a money market fund. The Company matches 50% of the employee's contribution, up to 5% of salary. In 1994, 1993 and 1992, the cost of this plan (net of forfeitures) was $12,055,000, $11,204,000 and $10,982,000, respectively.

In addition to the Company's defined benefit pension plans and qualified profit sharing plans, the Company provides certain postretirement medical and life insurance benefits to eligible retirees and dependents. Covered individuals include retired and active employees who have met certain age and service requirements at various dates during 1989. No other employees become eligible for postretirement benefits after these dates. The benefits are subject to deductibles, co-payment provisions and other limitations. The Company reserves the right to amend, modify or discontinue these plans in the future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

3. Employee Benefit Plans--(Continued)

In 1992, the Company adopted Financial Accounting Standard No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." In applying this statement, the Company recognized the full amount of the accumulated postretirement benefit obligation as of January 1, 1992 as a cumulative effect of an accounting change. The noncash charge to 1992 earnings was $54,817,000 (net of income taxes of $36,544,000), or $0.33 per share.

The accumulated postretirement benefit obligation was determined using an assumed discount rate of 8.5% at December 31, 1994 and 8% at December 31, 1993. The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 11.2%; the rate was assumed to decrease gradually to 5.5% by the year 2004 and remain at that level thereafter. An increase in the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1994 by approximately $11,580,000 and the aggregate of the service and interest cost components of net postretirement benefit cost for the year then ended by approximately $1,010,000.

The following table sets forth the plans' amounts recognized in the consolidated balance sheet at December 31, 1994 and 1993 for the Company's defined postretirement benefit plans (other than pensions) (000's omitted):

	1994	1993
Accumulated postretirement benefit obligation:		
Retirees	$ 63,978	$ 58,165
Fully eligible active participants	23,022	21,430
Other active participants	22,352	22,126
Total accumulated postretirement benefit obligation	109,352	101,721
Unrecognized net loss	(8,812)	(4,415)
Accrued postretirement benefit cost	$100,540	$ 97,306

Net postretirement benefit cost (other than pensions) for 1994, 1993 and 1992 consisted of the following components (000's omitted):

	1994	1993	1992
Service cost-current period	$1,171	$1,232	$1,031
Interest cost on accumulated postretirement benefit obligation	8,181	8,141	7,961
Amortization of net loss	68	-	-
Net postretirement benefit cost	$9,420	$9,373	$8,992

*** D01 ***

4. Commitments

At December 31, 1994, the Company is committed to the purchase of broadcast rights for various feature films, sports and other programming aggregating approximately $4,066,000,000. The aggregate payments related to these commitments during the next five years are summarized as follows:

1995 -- $1,427,191,000; 1996 -- $826,009,000;
1997 -- $ 777,518,000; 1998 -- $478,659,000;
1999 -- $ 313,936,000.

The Company anticipates 1995 capital expenditures for property, plant and equipment will approximate $150,000,000.

Rental expense under operating leases amounted to $97,965,000, $86,312,000 and $92,820,000 for 1994, 1993 and 1992, respectively. Future minimum annual rental payments under non-cancelable leases are as follows (000's omitted):

	Capital leases	Operating leases
1995	$ 7,530	$ 59,918
1996	6,996	53,162
1997	6,112	51,048
1998	5,627	47,626
1999	5,502	43,676
2000 and thereafter	120,833	118,805
Minimum lease payments	152,600	$374,235
Imputed interest	(110,063)	
Present value of minimum lease payments	$ 42,537	

Total minimum payments for operating leases have not been reduced for future minimum sublease rentals aggregating $2,859,000.

*** D02 ***

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5. 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, radio stations, cable television programming and multimedia business activities. The Publishing segment includes newspapers, shopping guides, various specialized business 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):

	1994	1993	1992
Broadcasting			
Net revenues	$5,277,126	$4,663,215	$4,265,561
Direct operating costs	4,015,864	3,762,988	3,523,143
Depreciation	86,727	75,424	76,406
Amortization of intangible assets	47,337	46,726	46,695
Total operating costs	4,149,928	3,885,138	3,646,244
Income from operations	$1,127,198	$ 778,077	$ 619,317
Assets at year-end	$4,650,611	$4,389,700	$4,357,152
Capital expenditures	102,850	78,526	94,255
Publishing			
Net revenues	$1,102,111	$1,010,438	$1,078,566
Direct operating costs	911,384	851,787	908,791
Depreciation	19,639	18,385	18,072
Amortization of intangible assets	16,070	14,619	15,314
Total operating costs	947,093	884,791	942,177
Income from operations	$ 155,018	$ 125,647	$ 136,389
Assets at year-end	$ 814,907	$ 824,369	$ 777,512
Capital expenditures	18,183	18,657	20,276
Consolidated			
Net revenues	$6,379,237	$5,673,653	$5,344,127
Income from operations	$1,282,216	$ 903,724	$ 755,706
General corporate expense	(43,405)	(41,575)	(33,901)
Operating income	1,238,811	862,149	721,805
Interest expense	(55,070)	(59,772)	(104,009)
Interest and miscellaneous, net	21,573	26,002	68,132
Income before income taxes	$1,205,314	$ 828,379	$ 685,928
Assets employed by segments	$5,465,518	$5,214,069	$5,134,664
Cash investments and other corporate assets	1,302,694	578,549	1,387,495
Total assets at year-end	$6,768,212	$5,792,618	$6,522,159

*** D03 ***

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o two segments:
s include the ABC
e ABC Radio Networks, radio
a business activities. The
des, various specialized
d database publishing.
ents of the Company, and
 within the United States.

1994	1993	1992	1991	1990
277,126	$4,663,215	$4,265,561	$4,329,743	$4,283,633
015,864	3,762,988	3,523,143	3,537,676	3,331,316
86,727	75,424	76,406	75,883	75,088
47,337	46,726	46,695	46,476	46,772
149,928	3,885,138	3,646,244	3,660,035	3,453,176
127,198	$ 778,077	$ 619,317	$ 669,708	$ 830,457
650,611	$4,389,700	$4,357,152	$4,249,089	$4,250,540
102,850	78,526	94,255	106,254	105,475
102,111	$1,010,438	$1,078,566	$1,052,246	$1,101,969
911,384	851,787	908,791	895,402	934,022
19,639	18,385	18,072	18,084	18,363
16,070	14,619	15,314	15,855	17,213
947,093	884,791	942,177	929,341	969,598
155,018	$ 125,647	$ 136,389	$ 122,905	$ 132,371
814,907	$ 824,369	$ 777,512	$ 886,482	$ 916,346
18,183	18,657	20,276	13,878	14,450
379,237	$5,673,653	$5,344,127	$5,381,989	$5,385,602
282,216	$ 903,724	$ 755,706	$ 792,613	$ 962,828
(43,405)	(41,575)	(33,901)	(31,380)	(39,613)
238,811	862,149	721,805	761,233	923,215
(55,070)	(59,772)	(104,009)	(179,347)	(168,859)
21,573	26,002	68,132	80,310	83,424
205,314	$ 828,379	$ 685,928	$ 662,196	$ 837,780
465,518	$5,214,069	$5,134,664	$5,135,571	$5,166,886
302,694	578,549	1,387,495	1,560,141	1,529,301
768,212	$5,792,618	$6,522,159	$6,695,712	$6,696,187

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

6. Income Taxes

The Company adopted Financial Accounting Standard No. 109 (FAS 109) effective January 1, 1992. As a result of adopting FAS 109, net deferred taxes increased by $127,198,000 of which $88,418,000 was recorded as the cumulative effect of adopting FAS 109.

The provision for taxes on income (before the extraordinary charge for 1993 and the cumulative effect of accounting changes for 1992) differs from the amount of tax determined by applying the federal statutory rate for the following reasons (000's omitted):

	1994		1993	
	Amount	%	Amount	%
Income before income taxes	$1,205,314		$828,379	
Income tax expense at statutory federal rate	$ 421,860	35.0	$289,933	3
State and local income taxes, net of federal benefit	66,137	5.5	40,321	
Amortization of intangibles	18,272	1.5	17,950	
Other, net	19,231	1.6	12,796	
Total	$ 525,500	43.6	$361,000	4

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

	1994	1993	1992
Federal			
Current	$468,600	$312,800	$274,900
Deferred	(42,900)	(12,700)	(29,400)
	425,700	300,100	245,500
State and local			
Current	111,900	65,500	57,400
Deferred	(12,100)	(4,600)	(6,300)
	99,800	60,900	51,100
Total	$525,500	$361,000	$296,600

Income taxes paid, net of refunds received, during 1994, 1993 and 1992 amounted to $535,198,000, $341,587,000 and $292,329,000, respectively.

Deferred income taxes represent the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

*** D06 ***

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. 109 (FAS 109) effective
et deferred taxes increased
the cumulative effect of

rdinary charge for 1993 and
) differs from the amount of
e for the following reasons

1994		1993		1992	
ount	%	Amount	%	Amount	$
05,314		$828,379		$685,928	
21,860	35.0	$289,933	35.0	$233,216	34.0
66,137	5.5	40,321	4.9	34,547	5.0
18,272	1.5	17,950	2.2	17,541	2.6
19,231	1.6	12,796	1.5	11,296	1.6
25,500	43.6	$361,000	43.6	$296,600	43.2

0's omitted):

	1992
00	$274,900
00)	(29,400)
00	245,500
00	57,400
00)	(6,300)
00	51,100
00	$296,600

994, 1993 and 1992 amounted
ectively.

mporary differences between
inancial reporting purposes

*** D07 ***

Significant components of the Company's deferred tax asset (recorded in other current assets on the balance sheet) and liability as of December 31, 1994 and 1993, are as follows (000's omitted):

	1994	1993
Current		
Programming	$ 42,708	$ 33,140
Other, net	83,256	70,023
Net current deferred tax asset	$ 125,964	$ 103,163
Noncurrent		
Deferred compensation	$ 67,059	$ 40,665
Postretirement benefits other than pensions	41,783	40,431
Basis differences on prior business combinations	(253,251)	(258,511)
Basis differences for certain investments in debt and equity securities	(39,452)	-
Accelerated depreciation	(129,047)	(120,303)
Other, net	65,376	56,783
Net noncurrent deferred tax liability	$ (247,532)	$ (240,935)

*** D08 ***

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7. 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 6-, 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. The following information pertains to the Company's stock option plans:

	1994	
Outstanding options, beginning of year..................	442,660	
Granted...	265,000	
Canceled or expired.....................................	---	
Exercised...	(31,402)	
Outstanding options, end of year........................	676,258	
Average price of options exercised during the year......	$18.07	
Exercise price of outstanding options, end of year......	$18.64 to $83.00	$13.11 t
Options exercisable, end of year........................	218,008	
Options available for future grant......................	4,444,000	4

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 648,480, 725,850 and 649,370 shares under the Plan in 1994, 1993 and 1992, respectively. As of December 31, 1994, 5,992,790 shares remain available to be purchased through the period ending April 2000.

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.

8. Shareholder Rights Plan

In 1989, the Company adopted a Shareholder Rights Plan. The Plan becomes operative upon the occurrence of 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.

*** D09 ***

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in key personnel have been
over a 6-, 10- or 11-year
ket value on the grant date.
the total shares
after grant, provided that
The following information

	1994	1993	1992
....	442,660	357,460	391,240
....	265,000	191,000	100,000
....	---	(1,250)	(3,000)
....	(31,402)	(104,550)	(130,780)
....	676,258	442,660	357,460
....	$18.07	$15.92	$17.57
....	$18.64 to $83.00	$13.11 to $63.48	$13.11 to $49.20
....	218,008	176,660	243,960
....	4,444,000	4,709,000	4,900,000

h allows eligible employees,
tion, to purchase shares at
ate or at the Purchase Date
648,480, 725,850 and
, respectively. As of
to be purchased through the

ertain of its employees
ion in the market price of
ther cash, common stock or a
y.

an. The Plan becomes
lying the acquisition of 20%
or group in transactions not
e case of Berkshire Hathaway
la for activation of the
he Company's common stock.
less redeemed by the Board,
ise price of $2,000 a number
mstances the acquiring
ice that price. The Rights

Capital Cities/ABC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

9. Quarterly Financial Data (Unaudited)

The following summarizes the Company's results of operations for each quarter of 1994 and 1993 (000's omitted, except per share amounts). The net income per share computation for each quarter and the year are separate calculations.

	First quarter	Second quarter	Third quarter	Fourt quart
1994				
Net revenues..........................	$1,404,949	$1,538,092	$1,461,932	$1,974,
Costs and expenses...............	1,191,187	1,195,766	1,218,829	1,534,
Operating income.....................	213,762	342,326	243,103	439,
Interest expense.................	(13,031)	(13,406)	(14,129)	(14,
Interest and miscellaneous, net..	4,750	6,368	7,001	3,
Income before income taxes............	205,481	335,288	235,975	428,
Income taxes.....................	89,400	145,800	102,300	188,
Net income............................	$ 116,081	$ 189,488	$ 133,675	$240,
Net income per share..................	$ 0.76	$ 1.23	$ 0.87	$1
1993				
Net revenues..........................	$1,178,337	$1,438,826	$1,301,371	$1,755,
Costs and expenses...............	1,037,401	1,168,140	1,153,339	1,452,
Operating income	140,936	270,686	148,032	302,
Interest expense.................	(21,020)	(13,972)	(11,777)	(13,
Interest and miscellaneous, net..	3,778	10,463	6,316	5,
Income before income taxes............	123,694	267,177	142,571	294,
Income taxes.....................	53,200	115,300	64,300	128,
Income before extraordinary charge....	70,494	151,877	78,271	166,
Extraordinary charge.............	(12,122)	-	-	
Net income............................	$ 58,372	$ 151,877	$ 78,271	$166,
Income per share				
Before extraordinary charge......	$ 0.43	$ 0.92	$0.47	$1
Extraordinary charge.............	(.07)	-	-	
Net income per share..................	$ 0.36	$ 0.92	$ 0.47	$1

*** D11 ***

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erations for each quarter of
ts). The net income
are separate calculations.

Second quarter	Third quarter	Fourth quarter	Year
$1,538,092	$1,461,932	$1,974,264	$6,379,237
1,195,766	1,218,829	1,534,644	5,140,426
342,326	243,103	439,620	1,238,811
(13,406)	(14,129)	(14,504)	(55,070)
6,368	7,001	3,454	21,573
335,288	235,975	428,570	1,205,314
145,800	102,300	188,000	525,500
$ 189,488	$ 133,675	$240,570	$ 679,814
$ 1.23	$ 0.87	$1.56	$4.42
$1,438,826	$1,301,371	$1,755,119	$5,673,653
1,168,140	1,153,339	1,452,624	4,811,504
270,686	148,032	302,495	862,149
(13,972)	(11,777)	(13,003)	(59,772)
10,463	6,316	5,445	26,002
267,177	142,571	294,937	828,379
115,300	64,300	128,200	361,000
151,877	78,271	166,737	467,379
-	-	-	(12,122)
$ 151,877	$ 78,271	$166,737	$ 455,257
$ 0.92	$0.47	$1.03	$2.85
-	-	-	(.07)
$ 0.92	$ 0.47	$1.03	$2.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED)

10. Common Stock and Stockholder Information (Unaudited)

As of February 28, 1995, the approximate number of holders of common stock was 9,790. Dividends of $.05 per share have been paid for the last three quarters of 1994 and $.005 for the first quarter of 1994 and for 1993. 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 1994 and 1993 are as follows:

	1994			1993		
	High	Low	Close	High	Low	Close
1st quarter....	$71 7/8	$60 1/4	$68 3/8	$53 1/8	$47 5/8	$53
2nd quarter....	75 1/2	66 1/4	71 1/2	55 1/8	50	50 3/8
3rd quarter....	85 3/8	71 1/8	82	57 3/4	49	57 1/8
4th quarter....	86 1/2	76 1/8	85 1/4	64 3/8	56 3/4	62

Report of 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, 1994 and 1993, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. 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, 1994 and 1993, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

As discussed in Notes 3 and 6 to the consolidated financial statements, in 1992, the Company changed its method of accounting for other postretirement benefits and income taxes.

/s/ Ernst & Young LLP

New York, New York
February 28, 1995

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Capital Cities/ABC

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, as well as for the safeguarding of assets against unauthorized acquisition, use or disposition, 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 six outside directors, meets periodically with management, the independent auditors and the Company's 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.

/s/ Thomas S. Murphy

Thomas S. Murphy
Chairman of the
Board and Chief
Executive Officer

/s/ Ronald J. Doerfler

Ronald J. Doerfler
Senior Vice President and
Chief Financial Officer

*** E02 ***

Capital Cities/ABC

Corporate

Thomas S. Murphy, Chairman of the Board and Chief Executive Officer

Robert A. Iger, President and Chief Operating Officer

John B. Fairchild, Executive Vice President; Chairman, Fairchild Publications

Ronald J. Doerfler, Senior Vice President and Chief Financial Officer

Herbert A. Granath, Senior Vice President; President, Cable and International Broadcast Group

Michael P. Mallardi, Senior Vice President; President, Broadcast Group

Phillip J. Meek, Senior Vice President; President, Publishing Group

Stephen A. Weiswasser, Senior Vice President; President, Multimedia Group

David Westin, Senior Vice President; President, ABC Television Network Group

Alan N. Braverman, Vice President and General Counsel

Allan J. Edelson, Vice President and Controller

David J. Vondrak, Vice President and Treasurer

Joseph M. Fitzgerald, Vice President, Investor Relations

James M. Goldberg, Vice President, Taxes

Christine Hikawa, Vice President, Broadcast Standards and Practices

Andrew E. Jackson, Vice President, Corporate Affairs

Patricia J. Matson, Vice President, Corporate Communications

Jeffrey Ruthizer, Vice President, Labor Relations

William J. Wilkinson, Vice President and Executive Assistant to the Chairman

Philip R. Farnsworth, Secretary

Allen S. Bomes, Assistant Treasurer

* * * * * *

ABC Television Network Group

David Westin, President

Peter Chrisanthopoulos, Executive Vice President
Richard E. Hockman, Senior Vice President
Maureen P. Lesourd, Senior Vice President
Sherrie S. Rollins, Senior Vice President
John J. Wolters, Senior Vice President
Alex Wallau, Vice President

*** E03 ***

ABC Entertainment

Edward W. Harbert, President
Stuart J. Bloomberg, Executive Vice President
Ronald B. Sunderland, Executive Vice President
John Hamlin, Senior Vice President
Judd L. Parkin, Senior Vice President
Mark A. Pedowitz, Senior Vice President
Donna L. Rosenstein, Senior Vice President
Alan B. Sternfeld, Senior Vice President
P. Thomas Van Schaick, Senior Vice President
Mark C. Zakarin, Senior Vice President

ABC Daytime

Patricia D. Fili-Krushel, President
Cody Dalton, Senior Vice President
Valerie S. Schaer, Senior Vice President

ABC Early Morning and Late Night

ABC Children's Programming

Jeanette B. Trias, President

Broadcast Operations & Engineering

Preston A. Davis, President
Michael C. Lang, Senior Vice President

ABC News

Roone Arledge, President
Paul Friedman, Executive Vice President
Robert J. Murphy, Senior Vice President
William N. Temple, Senior Vice President
Richard C. Wald, Senior Vice President
Alan H. Wurtzel, Senior Vice President

Worldwide Television News

Kenneth Coyte, Chairman

ABC Sports

Dennis D. Swanson, President
Robert H. Apter, Senior Vice President
David E. Downs, Senior Vice President
Dennis Lewin, Senior Vice President

ABC Television Network Sales and Marketing

Marvin F. Goldsmith, President
Robert J. Cagliero, Executive Vice President
Lawrence S. Fried, Executive Vice President

Production

*** E04 ***

ABC PRODUCTIONS

Brandon Stoddard, President

DIC ENTERTAINMENT

Andrew Heyward, President

GREENGRASS PRODUCTIONS

ABC/KANE PRODUCTIONS

Dennis B. Kane, President

*** E05 ***

Capital Cities/ABC

Broadcast Group

Michael P. Mallardi, President

Television Stations

Lawrence J. Pollock, President
Robert O. Niles, Vice President

WABC-TV (New York, NY)
Walter C. Liss, Jr., President, General Manager

KABC-TV (Los Angeles, CA)
G. Alan Nesbitt, President, General Manager

WLS-TV (Chicago, IL)
Joseph J. Ahern, President, General Manager

WPVI-TV (Philadelphia, PA)
Thomas P. Kane, President, General Manager

KGO-TV (San Francisco, CA)
James G. Topping, President, General Manager

KTRK-TV (Houston, TX)
James E. Masucci, President, General Manager

WTVD (Durham-Raleigh, NC)
Emily L. Barr, President, General Manager

KFSN-TV (Fresno, CA)
Marc Edwards, President, General Manager

National Television Sales
John B. Watkins, President

Radio
James A. Arcara, President

ABC Radio Networks

Robert F. Callahan, Jr., President
Bart W. Catalane, Executive Vice President
David M. Kantor, Executive Vice President

Radio Stations--Group I

Don P. Bouloukos, President

WABC-AM (New York, NY)
Don P. Bouloukos, President, General Manager

WPLJ-FM (New York, NY)
J. Mitchell Dolan, President, General Manager

*** E06 ***
KABC-AM (Los Angeles, CA)
KMPC-AM (Los Angeles, CA)
George Green, President, General Manager

KLOS-FM (Los Angeles, CA)
Bill Sommers, President, General Manager

KGO-AM (San Francisco, CA)
KSFO-AM (San Francisco, CA)
Michael Luckoff, President, General Manager

WJR-AM (Detroit, MI)
Michael D. Fezzey, President, General Manager

WHYT-FM (Detroit, MI)
John E. Cravens, President, General Manager

KQRS-AM/FM (Minneapolis, MN)
KEGE-FM (Minneapolis, MN)
Mark S. Steinmetz, President, General Manager

Radio Stations--Group II

Norman S. Schrutt, President

WLS-AM/FM (Chicago, IL)
Thomas R. Tradup, President, General Manager

WMAL-AM (Washington, DC)
Thomas J. Bresnahan, President, General Manager

WRQX-FM (Washington, DC)
James M. Robinson, President, General Manager

WBAP-AM (Fort Worth-Dallas, TX)
William J. Hare, President, General Manager

KSCS-FM (Fort Worth-Dallas, TX)
Victor J. Sansone, President, General Manager

WKHX-AM/FM (Atlanta, GA)
WYAY-FM (Atlanta, GA)
Norman S. Schrutt, President, General Manager

*** E07 ***

Capital Cities/ABC

Cable and International Broadcast Group

Herbert A. Granath, President
John T. Healy, Executive Vice President

ESPN (Bristol, CT)
Steven M. Bornstein, President

ABC INTERNATIONAL OPERATIONS (New York, NY)
John T. Healy, President
Richard F. Spinner, President and Managing Director, European Operations

ABC DISTRIBUTION (New York, NY)
Joseph Y. Abrams, President

A&E TELEVISION NETWORK (New York, NY)
Nicholas Davatzes, President

LIFETIME TELEVISION (New York, NY)
Douglas W. McCormick, President

* * * * * *

Capital Cities/ABC Multimedia Group

Stephen A. Weiswasser, President
Bruce Maggin, Executive Vice President

CAPITAL CITIES/ABC VIDEO PUBLISHING (Stamford, CT)
Jon R. Peisinger, President

* * * * * *

Publishing Group

Phillip J. Meek, President
Gary L. Holland, Vice President
Bruce H. McIntyre, Vice President

Newspapers

THE KANSAS CITY STAR (Kansas City, MO)
Robert C. Woodworth, President, Publisher

FORT WORTH STAR-TELEGRAM (Fort Worth, TX)
Richard L. Connor, President, Publisher

THE OAKLAND PRESS GROUP (Pontiac, MI)
Dale A. Duncan, President, Publisher

BELLEVILLE NEWS-DEMOCRAT GROUP (Belleville, IL)

*** E08 ***
Gary L. Berkley, President, Publisher

THE TIMES LEADER GROUP (Wilkes-Barre, PA)
Mark G. Contreras, President, Publisher

OREGON NEWSPAPER GROUP (Albany, OR)
Richard F. Anderson, President

Shopping Guides

Wesley R. Turner, Group Executive

PENNYSAVERS (Orange and San Diego Counties, Sacramento and Stockton, CA)
William E. Carman, President

PENNYPOWER SHOPPING NEWS (Wichita, KS and Springfield, MO)
Michael T. Blasi, President

NORTHWEST NICKELS (Seattle-Tacoma and Spokane, WA; Portland, OR; Las Vegas, NV)
Richard F. Anderson, President

Specialized Publications

Diversified Publishing Group
Ann Maynard Gray, President

AGRICULTURAL PUBLISHING GROUP (Carol Stream, IL)
Allan R. Johnson, President

CHILTON ENTERPRISES (Radnor, PA)
David S. Loewith, President

CHILTON PUBLICATIONS (Radnor, PA)
Leon C. Hufnagel, President

LOS ANGELES MAGAZINE (Los Angeles, CA)
Joan McCraw, President

NILS PUBLISHING COMPANY (Chatsworth, CA)
William H. Bang, President

Fairchild Publications Group (New York, NY)
John B. Fairchild, Chairman and Editorial Director
Michael F. Coady, President

Financial Services and Medical Group
Peter A. Derow, President

INSTITUTIONAL INVESTOR (New York, NY)
Peter A. Derow, President

INTERNATIONAL MEDICAL NEWS GROUP (Short Hills, NJ)
Thomas Fowler, President

Capital Cities Capital
George M. Cain, President

*** E09 ***

EXECUTIVE OFFICERS

Thomas S. Murphy
Chairman of the Board and Chief Executive Officer

Robert A. Iger
President and Chief Operating Officer

John B. Fairchild
Executive Vice President; Chairman, Fairchild Publications

Ronald J. Doerfler
Senior Vice President and Chief Financial Officer

Herbert A. Granath
Senior Vice President; President, Cable and International Broadcast Group

Michael P. Mallardi
Senior Vice President; President, Broadcast Group

Phillip J. Meek
Senior Vice President; President, Publishing Group

Stephen A. Weiswasser
Senior Vice President; President, Multimedia Group

David Westin
Senior Vice President; President, ABC Television Network Group

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BOARD OF DIRECTORS

Thomas S. Murphy 1, 4
Chairman of the Board and Chief Executive Officer

Robert A. Iger
President and Chief Operating Officer

Robert P. Bauman 3*
Chairman, British Aerospace PLC

Nicholas F. Brady 3
Chairman and Chief Executive Officer, Darby Overseas Investments, Ltd.; Former Secretary of the United States Department of the Treasury

Warren E. Buffett 4*
Chairman of the Board and Chief Executive Officer, Berkshire Hathaway Inc.

Daniel B. Burke 1, 4
Retired President and Chief Executive Officer, Capital Cities/ABC, Inc.

Frank T. Cary 2
Former Chairman of the Board and Chief Executive Officer, International Business Machines Corporation

John B. Fairchild
Executive Vice President; Chairman, Fairchild Publications

Leonard H. Goldenson 1*
Chairman of the Executive Committee; Retired Chairman of the Board and Chief Executive Officer, American Broadcasting Companies, Inc.

Frank S. Jones 2
Ford Professor of Urban Affairs, Emeritus, Massachusetts Institute of Technology

Ann Dibble Jordan 2
Former Director of Social Service Department, University of Chicago Medical School

John H. Muller, Jr. 1, 2*, 3
Chairman of the Executive Committee, former Chairman of the Board and Chief Executive Officer, General Housewares Corp.

Wyndham Robertson 2
Vice President for Communications The University of North Carolina

M. Cabell Woodward, Jr. 1, 2
Retired Vice Chairman and Chief Financial Officer, ITT Corporation

Director Emeritus
Gerald Dickler
Former Senior Counsel, Hall Dickler Kent Friedman & Wood Attorneys at Law

1 Member of Executive Committee
2 Member of Audit Committee
3 Member of Compensation Committee
4 Member of Finance Committee

* Committee Chairman

The Company's Form 10-K Annual Report to the Securities and Exchange Commission provides certain additional information. A copy of this report may be obtained

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upon written request to the Company addressed to:

The Corporate Secretary
Capital Cities/ABC, Inc.
77 West 66th Street
New York, New York 10023-6298

Transfer Agent and Registrar
Harris Trust Company of New York
77 Water Street
New York, New York 10005-4401

The Company's Common Stock is listed for trading on the New York and Pacific Stock Exchanges (Symbol: CCB)

LOGO

This report is printed entirely on recycled paper

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Capital Cities/ABC, Inc.
77 West 66th Street
New York, New York 10023-6298
(212) 456-7777

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*** A02 ***

EXHIBIT 21

As of December 31, 1994

Subsidiaries of Capital Cities/ABC, Inc.

	Jurisdiction of Incorporation
Capital Cities/ABC, Inc. (parent)	New York
ABC Holding Company Inc.	Delaware
ABC Cable and International Broadcast, Inc. (formerly Capital Cities/ABC Video Enterprises, Inc.)	Delaware
ABC Asia Productions, Inc.	Delaware
ABC Cable and International Broadcast Worldwide Holdings, Inc. (formerly Capital Cities/ABC Video Enterprises Worldwide Holdings, Inc.)	Delaware
Cable LT Holdings, Inc.	Delaware
Capital Cities/ABC Video, Inc.	Delaware
Capital Cities/ABC Video Musical Investments, Inc.	Delaware
Capital Cities/ABC Video Productions, Inc.	Delaware
COBRA Productions, Inc.	California
DIC Post, Inc.	California
HAC MFP Productions, Inc.	California
MFP Productions, Inc. (Stock in these 4 companies is held by DIC Productions, L.P., a Delaware limited partnership, in which Capital Cities/ABC Video Productions, Inc. is the general partner)	California
HEMPRO, Inc.	Delaware
TPT, Inc.	California
Capital Cities/ABC Video Systems, Inc.	Delaware
Discriminating Distribution Enterprises, Inc.	Delaware
DSC Video, Inc. (50% interest is held 33% by ABC Cable and International Broadcast, Inc. and 17% by Cable LT Holdings, Inc.)	Delaware
French Productions, Inc.	Delaware
910353 Ontario Inc.	Canada
Spanish Productions, Inc.	Delaware
Top Drawer Productions, Inc. (formerly Mexican Investments, 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

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Capital Cities/ABC, Inc. (parent)(continued)	
ABC Holding Company Inc. (continued)	
ABC Network Holding Company, Inc. (continued)	
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
Stage 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
Starbird Satellite Services Limited	United Kingdom
ABC News Overseas Sales, Inc.	Delaware
ABC Radio Network, Inc.	Delaware
ABC Radio International, Inc.	Delaware
ABC Radio (UK) Limited	United Kingdom
ABC/Watermark, 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
Baseball Ventures, Inc.	Delaware
American Broadcasting Companies, Inc.	Delaware
Capital Cities/ABC Multimedia, Inc.	Delaware
Capital Cities/ABC Interactive Software, Inc.	Delaware
Capital Cities/ABC National Television Sales, Inc.	Delaware
Capital Cities/ABC Video Publishing, Inc.	Delaware
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

Capital Cities/ABC, Inc. (parent)(continued)	
ABC Holding Company Inc. (continued)	
ESPN Holding Company, Inc.	Delaware
ESPN, Inc.	Delaware
Creative Post and Transfer, Inc.	Delaware
Creaive Sports, Inc.	Delaware
English Sports, Inc.	Delaware
ESPN 88	United Kingdom
Transatlantic Productions, Inc.	Delaware
ESPN Asia, Ltd.	Delaware
ESPN Asia (S) Private, Ltd.	Singapore
ESPN Enterprises, Inc.	Delaware
ESPN India, Inc.	Delaware
European Investment Company, Inc.	Delaware
European Media Development Company, Inc.	Delaware
European Sports Program Network, Inc.	Delaware
Event Specialists, Inc.	Delaware
Goal Ventures, Inc.	Delaware
O.C.C. Sports, Inc.	Delaware
O.P.I. Sports, Inc.	Delaware
SportsTicker, Inc.	Delaware
Farm Progress Holding Company, Inc.	Delaware
Farm Progress Companies, Inc.	Illinois
Farm Progress Insurance Services, Inc.	Illinois
Indiana Prairie Farmer Insurance Services, Inc.	Indiana
New York Farm Show, Inc.	New York
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 Television, Inc.	Delaware
KGO-AM Radio, Inc.	Delaware
KLOS-FM Radio, Inc.	Delaware
KLOS Syndications, 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
CCB/NILS, Inc.	Delaware
NILS Enterprises, Inc.	Delaware
Premiere Cassettes Marketing, Inc.	Delaware
36/38/40 West 66 Realty Company, Inc.	Delaware
WABC-AM Radio, Inc.	Delaware
WLS Television, Inc.	Delaware
WLS-AM Holding Company, Inc.	Delaware
WLS, Inc.	Delaware
WLS-FM Radio, Inc	Delaware
WMAL Holding Company, Inc.	Delaware
WMAL, Inc.	Delaware
WPLJ-FM Radio, Inc.	Delaware
ABC/Kane Productions International, Inc.	Delaware
Capital Cities/ABC Cable Holdings, Inc.	Delaware
Capital Cities Capital, Inc.	Delaware

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

Capital Cities Entertainment Systems, Inc.	Delaware
Capital Cities Media, Inc.	New York
Capital Cities/ABC Publishing/Far East, Inc.	Japan
Fairchild Media Services, Inc.	Delaware
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/ABC Acquisition I Corp.	Delaware
CC/ABC Acquisition II Corp.	Delaware
CC/ABC Acquisition III Corp.	Delaware
CC/ABC Acquisition IV Corp.	Delaware
CC/ABC Acquisition V Corp.	Delaware
CC/ABC Acquisition VI Corp.	Delaware
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
Great Lakes Media, Inc. (formerly The Oakland Press Company)	Michigan
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
AMBROCO Media Group, Inc.	Delaware
Canaka Productions, Inc.	Delaware
Class of '96 Productions, Inc.	Delaware
Empty Chair Productions, Inc.	Delaware
Fifth Floor Production Music Library, Inc. (formerly Fifth Floor Music, Inc.)	Delaware
Greengrass Productions, Inc.	Delaware
Interglobal Productions, Inc.	Delaware
Fogash Films Limited	Channel Islands
Victor Television Productions, Inc.	Delaware
Victor Television Productions Too, Inc.	Delaware
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
Mexican Business Publishing, Inc.	Delaware

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Capital Cities/ABC, Inc. (parent)(continued)	
Mexican Publishing Company, Inc.	Delaware
Promotora Vina Sala, S.A. de C.V. (Stock is held 99.998% by Mexican Business Publishing, Inc. and .002% by Mexican Publishing Company, Inc.)	Mexico
Sibonei, S.A. de C.V. (Stock is held 99.998% by Mexican Publishing Company, Inc. and .002% by Mexican Business Publishing, Inc.)	Mexico
Expansion, S.A. (Stock is held 51% by Promotora Vina Sala, S.A. de C.V. and 49% by Sibonei, S.A. de C.V.)	Mexico
Nordic Investments, Inc.	Delaware
Pennypower of Kansas, Inc.	Delaware
Pennypower Shopping News, Inc.	Kansas
Southern Utah Media, 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
J V Z Enterprises	California
PSP & D, Inc.	Delaware
TV Connection, Inc.	Delaware
WBAP-KSCS Partner, Inc.	Delaware
WBAP-KSCS Radio, Inc.	Delaware
Wilson Publishing Company	Rhode Island
WJRT Acquisition Corp. (Stock is held by CC/ABC Acquisition I Corp. and WJRT Associates, a Delaware limited partnership, in which CC/ABC Acquisition II Corp. and CC/ABC Acquisition III Corp. are the General Partners)	Delaware
WTVG Acquisition Corp. (Stock is held by CC/ABC Acquisition IV Corp. and WTVG Associates, a Delaware limited partnership, in which CC/ABC Acquisition V Corp. and CC/ABC Acquisition VI Corp. are the General Partners)	Delaware

*** A07 ***

*** A08 ***

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CAPITAL CITIES/ABC, INC. CONSOLIDATED FINANCIAL STATEMENTS INCORPORATED BY REFERENCE IN FORM 10-K FOR THE PERIOD ENDING DECEMBER 31, 1994 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<CHANGES>		0
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<EPS-DILUTED>		0

*** A09 ***

*** A10 ***

Exhibit (99)(a)

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, 1994.

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

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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 17, 1995 ----------------------------------

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

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CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES

YEARS ENDED DECEMBER 31, 1994 AND 1993

(WITH REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS THEREON)

*** B01 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

Index to Financial Statements

Report of Ernst & Young LLP, Independent Auditors

Statements of Financial Condition as of
December 31, 1994 and 1993

Statements of Income and Changes in Plan Equity
for the years ended December 31, 1994 and 1993

Notes to Financial Statements

Supplemental Schedules:

Item 27(a) - Assets Held for Investment

Single Transactions in Excess of 5% of the Current Value of Plan Assets

Series of Transactions in Excess of 5% of the Current Value of Plan Assets

Exhibit:

Consent of Ernst & Young LLP

There were no party-in-interest transactions which are prohibited by ERISA
section 406 and for which there is no statutory or administrative exemption.

*** B02 ***

REPORT OF ERNST & YOUNG LLP INDEPENDENT AUDITORS

The Board of Directors
Capital Cities/ABC, Inc.

We have audited the accompanying statements of financial condition of the Capital Cities/ABC, Inc. Savings & Investment Plan (the Plan) as of December 31, 1994 and 1993, and the related statements of income and changes in plan equity for each of the two years in the period ended December 31, 1994. These financial statements are the responsibility of the Plan'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 financial condition of the Plan at December 31, 1994 and 1993, and the results of its operations and changes in its plan equity for each of the two years in the period ended December 31, 1994, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investment as of December 31, 1994 and reportable transactions in excess of 5% of the current value of plan assets for the year then ended, are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the 1994 financial statements and, in our opinion, are fairly stated in all material respects in relation to the 1994 financial statements taken as a whole.

ERNST & YOUNG LLP

New York, New York
March 17, 1995

*** 803 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 1994 AND 1993

ASSETS	1994	1993
Investments, at market:		
Fidelity Management Trust Company Common Trust Funds:		
Capital Cities/ABC, Inc. Common Stock Fund (cost of $178,911,112 and $138,594,027 in 1994 and 1993, respectively)	$404,971,567	$279,231,572
Fidelity Asset Manager (cost: $50,086,655)	47,562,305	-
Fidelity Retirement Money Market Portfolio (cost: $37,572,634)	37,572,634	-
Fidelity Magellan Fund (cost: $31,687,157)	32,080,436	
Fidelity Growth & Income Portfolio (cost: $24,720,813)	24,232,136	
Fidelity Institutional Short-Intermediate Government Portfolio (cost: $10,481,785)	10,331,956	
Equity Securities (cost: $37,050,924)	-	42,377,131
Other investments:		
Bankers Trust Pyramid Directed Account Cash Fund	-	3,797,926
Funds on deposit with insurance companies	-	113,629,385
Total investments	556,751,034	439,036,014
Participant loans	11,620,340	9,093,543
Interest and dividends receivable	-	305,971
Due from Capital Cities/ABC, Inc.	4,102,393	2,260,057
TOTAL ASSETS	$572,473,767	$450,695,585
LIABILITIES AND PLAN EQUITY		
Due to terminated and withdrawing participants	$ -	$ 4,983,927
Payables for purchases of investments	-	458,865
Plan equity	572,473,767	445,252,793
TOTAL LIABILITIES AND PLAN EQUITY	$572,473,767	$450,695,585

*** B04 ***
See accompanying notes to financial statements.

*** BOS ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

STATEMENTS OF INCOME AND CHANGES IN PLAN EQUITY

YEARS ENDED DECEMBER 31, 1994 AND 1993

	1994	1993
Dividend and interest income	$ 6,770,557	$ 8,682,497
Net gain on sales of investments	29,299,005	14,817,760
Net increase in unrealized appreciation of plan assets held at year end	77,327,126	45,286,295
	113,396,688	68,786,552
Contributions:		
Participants	29,399,107	25,143,822
Employer	11,889,585	11,198,503
Total contributions	41,288,692	36,342,325
Interest on participant loans	568,154	565,127
Total	155,253,534	105,694,004
Distributions to terminated and withdrawing participants	27,907,619	34,531,592
Administrative expenses	124,941	232,642
Change in plan equity	127,220,974	70,929,770
Plan equity:		
Beginning of year	445,252,793	374,323,023
END OF YEAR	$572,473,767	$445,252,793

See accompanying notes to financial statements.

*** B06 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(1) Description of Plan

Capital Cities/ABC, Inc. Savings & Investment 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, approximately 5,000 employees of certain properties within Capital Cities/ABC's Publishing Group are eligible to participate in the Plan.

Under the Plan, eligible employees may authorize payroll deductions of either 1, 2, 3, 4 or 5% of their annual compensation to be invested in one or more of six funds. Such contributions may be in the form of regular after-tax contributions, or tax deferred contributions. Capital Cities/ABC will contribute an amount equal to 50% of such deductions, such amount to be invested in the fund consisting of Capital Cities/ABC, Inc. common stock. In addition, an employee may also authorize unmatched payroll deductions within specified limits to be invested in one or more of the funds described herein. Under the Employee Retirement Income Security Act of 1974 ("ERISA"), annual additions to a participant's account (consisting of combined employee and employer-matched contributions) cannot exceed the lesser of $30,000 or 25% of compensation, as defined. In 1994 and 1993, the IRS-imposed limitation on tax deferred contributions made by employees was $9,240 and $8,994, respectively. Participants are immediately vested with respect to their own contributions. Until December 31, 1994, participants with less than 5 years of service vest with respect to employer contributions over a three-year period, one-third each year. Effective January 1, 1995, matching employer contributions credited to participants' accounts will vest as follows: (a) 50% at the end of the Plan year for which the contributions were made; and (b) an additional 50% at the end of the Plan year immediately following the Plan year for which contributions were made. Upon 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 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.

Through May 31, 1994, Bankers Trust was the trustee of the Plan. Effective June 1, 1994, the Company entered into a new trust agreement with Fidelity Management Trust Company and its affiliates (collectively, "Fidelity" or the "Trustee") to serve as trustee, investment manager, and recordkeeper of the Plan and its related trust. In connection with such change in trustee, in June 1994, all investments held by Bankers Trust were transferred to and reinvested in the investment funds provided by Fidelity.

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(1) Description of Plan (Continued)

The above description of the Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan provisions and investment options.

(2) Summary of Significant Accounting Policies

Certain prior year amounts have been reclassified to conform with the current period's presentation.

The accompanying financial statements present plan equity and changes therein of the Plan on an accrual basis. Effective June 1, 1994, participants may contribute in any one or a combination of the following six investment options:

Capital Cities/ABC, Inc. Common Stock Fund - This fund consists of Capital Cities/ABC, Inc. common stock which is valued at current market value. The Fund's returns are governed by the performance of the Company's common stock.

Fidelity Asset Manager - This fund consists of a neutral mix of stocks, bonds and short-term investments of both U.S. and foreign corporations and governments.

Fidelity Retirement Money Market Portfolio - This fund invests in short-term money market instruments, such as bank certificates of deposit, issued by both U.S. and foreign banks, insurance companies and government agencies.

Fidelity Magellan Fund - This fund invests in stocks of both U.S. and foreign companies. These investments may be in large corporations as well as smaller, less well-known companies.

Fidelity Growth & Income Portfolio - This option invests in stocks, bonds and short-term investments of U.S. and foreign companies that offer growth potential while paying dividends.

Fidelity Institutional Short-Intermediate Government Portfolio - This option invests in government-issued investments maturing in a short to intermediate length of time, usually three to five years.

All investments in Fidelity mutual funds are valued at the last reported sales price on the last business day of the year.

Prior to June 1, 1994, participants contributed to any one or a combination of the following three funds:

Capital Cities/ABC, Inc. Common Stock Fund - This fund held all investments made in the common stock of the Company and was valued at current market value.

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

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(2) Summary of Significant Accounting Policies (Continued)

Fixed Interest Fund - This fund consisted of funds on deposit with insurance companies under contracts which provided a fixed annual rate of interest. The Fixed Interest Fund was valued at the contracts' carrying amounts.

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.

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 withdrawal.

Employer contributions are reported net of forfeitures of $81,050 and $254,154 for 1994 and 1993, respectively.

Participant accounts are maintained on a unit basis as determined by the Trustee (See Administration of the Plan below). The per unit values for each investment fund were as follows:

	December 31, 1994	1993
Capital Cities/ABC, Inc. Common Stock Fund	$11.79	*
Fidelity Asset Manager	14.33	$ -
Fidelity Retirement Money Market Portfolio	1.08	-
Fidelity Magellan Fund	68.16	-
Fidelity Growth & Income Portfolio	21.47	-
Fidelity Institutional Short-Intermediate Government Portfolio	9.32	-
Diversified Equity Fund	-	7.20
Fixed Interest Fund	-	4.49

* During 1993, the value of a participant's account was determined based upon the share value of the Capital Cities/ABC, Inc. Common Stock Fund. At December 31, 1993, there were 450,737 shares (prior to the Company's ten-for-one stock split in June 1994) of the Company's stock in the fund.

(3) Administrative Expenses

Effective June 1, 1994, brokerage commissions and stock transfer taxes in connection with the purchase and sale of securities are absorbed within the net asset value of each investment fund on each business day. All other costs and expenses incurred in connection with the administration of the Plan not paid by the Company will be charged to the participants' accounts.

Prior to June 1, 1994, costs incurred specifically by the Plan were paid directly from funds of the Plan.

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(4) Investments

Participants direct their individual accounts to be invested among the six Fidelity funds offered by the Plan. Financial information relating to the Plan's equity and changes therein for the years ended December 31, 1994 and 1993 is as follows:

Combining Statement of Financial Condition

December 31, 1994

ASSETS	Total Funds	Capital Cities/ABC Stock Fund	Asset Manager	Re P
Investments	$556,751,034	$404,971,567*	$47,562,305*	$3
Participant loans	11,620,340	7,390,980	1,091,400	
Due from Capital Cities/ABC, Inc.	4,102,393	2,204,982	625,943	
TOTAL ASSETS	$572,473,767	$414,567,529	$49,279,648	$4
PLAN EQUITY				
Plan equity	$572,473,767	$414,567,529	$49,279,648	$4
TOTAL PLAN EQUITY	$572,473,767	$414,567,529	$49,279,648	$4

* Individual investment representing 5% or more of the Plan's net assets.

(Continued on next page)

*** B11 ***

VESTMENT PLAN

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invested among the six
mation relating to the
d December 31, 1994 and 1993

Condition

Capital Cities/ABC Stock Fund	Asset Manager	Retirement Money Market Portfolio
404,971,567*	$47,562,305*	$37,572,634*
7,390,980	1,091,400	2,884,268
2,204,982	625,943	276,075
414,567,529	$49,279,648	$40,732,977
414,567,529	$49,279,648	$40,732,977
414,567,529	$49,279,648	$40,732,977

he Plan's net assets.

(Continued on next page)

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(4) Investments (continued)

Combining Statement of Financial Condition

December 31, 1994

ASSETS	Magellan Fund	Growth & Income Portfolio	Institutional Short Intermediate Government Portfolio
Investments	$32,080,436*	$24,232,136	$10,331,956
Participant loans	126,694	76,904	50,094
Due from Capital Cities/ABC, Inc.	528,213	361,813	105,367
TOTAL ASSETS	$32,735,343	$24,670,853	$10,487,417
PLAN EQUITY			
Plan equity	$32,735,343	$24,670,853	$10,487,417
TOTAL PLAN EQUITY	$32,735,343	$24,670,853	$10,487,417

* Individual investment representing 5% or more of the Plan's net assets.

*** C01 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(4) Investments (continued)

Combining Statements of Income and Changes in Plan Equity

December 31, 1994

	Total Funds	Diversified Equity Fund	Fixed Interest Fund	Capital Cities/AB Common Stock Fun
Dividend and interest income	$ 6,770,557	$ 409,435	$ 1,902,585	$ 168,5
Net gain on sales of investments	29,299,005	4,375,662	-	25,120,2
Net increase(decrease)in unrealized appreciation of plan assets held at year end	77,327,126	(5,326,207)	-	85,422,9
	113,396,688	(541,110)	1,902,585	110,711,6
Contributions:				
Participants	29,399,107	2,769,580	4,946,044	10,679,0
Employer	11,889,585	-	-	11,889,5
Total contributions	41,288,692	2,769,580	4,946,044	22,568,6
Interest on participant loans	568,154	22,112	57,491	322,7
Participant net transfers	-	(582,065)	(10,369,778)	18,371,9
Liquidations/transfers to new funds	-	(49,137,149)	(108,226,812)	
Total	155,253,534	(47,468,632)	(111,690,470)	151,975,0
Distributions to terminated and withdrawing participants	27,907,619	1,227,331	4,409,943	17,784,9
Administrative expenses	124,941	64,023	64	14,8
Change in plan equity	127,220,974	(48,759,986)	(116,100,477)	134,175,1

*** C02 ***

VESTMENT PLAN

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s in Plan Equity

ified ty d	Fixed Interest Fund	Capital Cities/ABC Common Stock Fund	Asset Manager
9,435	$ 1,902,585	$ 168,533	$ 1,437,907
5,662	-	25,120,252	(206,940)
6,207)	-	85,422,910	(2,524,350)
1,110)	1,902,585	110,711,695	(1,293,383)
9,580	4,946,044	10,679,071	3,612,930
-	-	11,889,585	-
9,580	4,946,044	22,568,656	3,612,930
2,112	57,491	322,777	55,836
2,065)	(10,369,778)	18,371,930	(1,352,300)
7,149)	(108,226,812)	-	49,137,149
8,632)	(111,690,470)	151,975,058	50,160,232
7,331	4,409,943	17,784,981	863,386
4,023	64	14,878	17,198
9,986)	(116,100,477)	134,175,199	49,279,648

*** C03 ***

Plan equity:				
Beginning of year	445,252,793	48,759,986	116,100,477	280,392,3
End of year	$572,473,767	$ -	$ -	$414,567,5

(Continued on next page)

*** C04 ***

9,986	116,100,477	280,392,330	-
-	$ -	$414,567,529	$49,279,648

(Continued on next page)

*** C05 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(4) Investments (continued)

Combining Statements of Income and Changes in Plan Equity

December 31, 1994

	Retirement Money Market Portfolio	Magellan Fund	Growth & Income Portfolio	Institutional Short Intermediate Government Portfolio
Dividend and interest income	$ 2,092,691	$ 19,213	$ 556,005	$ 184,188
Net gain on sales of investments	-	20,869	(1,263)	(9,575
Net increase (decrease) in unrealized appreciation of plan assets held at year end	-	393,279	(488,677)	(149,829
	2,092,691	433,361	66,065	24,784
Contributions:				
Participants	1,371,395	3,210,364	2,153,553	656,170
Employer	-	-	-	-
Total contributions	1,371,395	3,210,364	2,153,553	656,170
Interest on participant loans	31,057	45,331	26,079	7,471
Participant net transfers	(68,522,576)	29,319,384	22,683,504	10,451,901
Liquidations/transfers to new funds	108,226,812	-	-	-
Total	43,199,379	33,008,440	24,929,201	11,140,326
Distributions to terminated and withdrawing participants	2,450,487	269,544	254,039	647,908
Administrative expenses	15,915	3,553	4,309	5,001

*** C06 ***

VESTMENT PLAN

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s in Plan Equity

lan d	Growth & Income Portfolio	Institutional Short Intermediate Government Portfolio
9,213	$ 556,005	$ 184,188
0,869	(1,263)	(9,575)
3,279	(488,677)	(149,829)
3,361	66,065	24,784
0,364	2,153,553	656,170
-	-	-
0,364	2,153,553	656,170
5,331	26,079	7,471
9,384	22,683,504	10,451,901
-	-	-
8,440	24,929,201	11,140,326
9,544	254,039	647,908
3,553	4,309	5,001

*** C07 ***

Change in plan equity	40,732,977	32,735,343	24,670,853	10,487,417
Plan equity:				
Beginning of year	-	-	-	-
End of year	$ 40,732,977	$32,735,343	$24,670,853	$10,487,417

*** C08 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(4) Investments (continued)

Combining Statement of Financial Condition

December 31, 1993

ASSETS	Total Funds	Capital Cities/ ABC, Inc. Common Stock Fund	Diversified Equity Fund	F In
Investments, at market				
Equity Securities:				
Capital Cities/ABC, Inc. common stock	$279,231,572	$279,231,572*	$ -	$
Other	42,377,131	-	42,377,131	
Total equity securities	321,608,703	279,231,572	42,377,131	
Other investments:				
Bankers Trust Pyramid Directed Account Cash Fund	3,797,926	53,311	3,720,113	
Funds on deposit with insurance companies	113,629,385	-	-	113
Total other investments	117,427,311	53,311	3,720,113	113
Total investments	439,036,014	279,284,883	46,097,244	113
Participant loans	9,093,543	5,649,738	867,763	2
Interest and dividends receivable	305,971	26,968	74,649	
Due from Capital Cities/ ABC, Inc.	2,260,057	(1,777,944)	2,382,983	1
TOTAL ASSETS	$450,695,585	$283,183,645	$49,422,639	$118
LIABILITIES AND PLAN EQUITY				
Due to terminated and withdrawing participants	$ 4,983,927	$ 2,791,315	$ 203,788	$ 1

*** C09 ***

VESTMENT PLAN

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Condition

apital Cities/ ABC, Inc. Common Stock Fund	Diversified Equity Fund	Fixed Interest Fund
$279,231,572*	$ -	$ -
-	42,377,131	-
279,231,572	42,377,131	-
53,311	3,720,113	24,502
-	-	113,629,385*
53,311	3,720,113	113,653,887
279,284,883	46,097,244	113,653,887
5,649,738	867,763	2,576,042
26,968	74,649	204,354
(1,777,944)	2,382,983	1,655,018
$283,183,645	$49,422,639	$118,089,301
$ 2,791,315	$ 203,788	$ 1,988,824

*** C10 ***

Payables for purchases of investments	458,865	-	458,865	
Plan equity	445,252,793	280,392,330	48,759,986	116
TOTAL LIABILITIES AND PLAN EQUITY	$450,695,585	$283,183,645	$49,422,639	$118

* Individual investment representing 5% or more of the Plan's net assets.

*** C11 ***

-	458,865	-
280,392,330	48,759,986	116,100,477
$283,183,645	$49,422,639	$118,089,301

he Plan's net assets.

*** C12 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(4) Investments (continued)

Combining Statement of Income and Changes in Plan Equity

December 31, 1993

	Total Funds	Capital Cities/ ABC, Inc. Common Stock Fund	Diversified Equity Fund	Fixed Intere Fund
Dividend and interest income	$ 8,682,497	$ 127,550	$ 886,313	$ 7,668
Net gain on sales of investments	14,817,760	5,331,485	2,988,256	6,498
Net increase in unrealized appreciation of plan assets held at year end	45,286,295	45,232,085	54,210	
	68,786,552	50,691,120	3,928,779	14,166
Contributions:				
Participants	25,143,822	5,716,341	7,541,631	11,885
Employer	11,198,503	11,198,503	-	
Total contributions	36,342,325	16,914,844	7,541,631	11,885
Interest on participant loans	565,127	363,265	56,512	145
Participant transfers	-	(3,651,421)	1,588,091	2,063
Total	105,694,004	64,317,808	13,115,013	28,261
Distributions to terminated and withdrawing participants	34,531,592	19,296,055	3,654,193	11,581
Administrative expenses	232,642	-	232,642	
Change in plan equity	70,929,770	45,021,753	9,228,178	16,679
Plan equity:				
Beginning of year	374,323,023	235,370,577	39,531,808	99,420

*** D01 ***

VESTMENT PLAN

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s in Plan Equity

tal Cities/ ABC, Inc. mmon Stock Fund	Diversified Equity Fund	Fixed Interest Fund
127,550	$ 886,313	$ 7,668,634
5,331,485	2,988,256	6,498,019
5,232,085	54,210	-
0,691,120	3,928,779	14,166,653
5,716,341	7,541,631	11,885,850
1,198,503	-	-
6,914,844	7,541,631	11,885,850
363,265	56,512	145,350
3,651,421)	1,588,091	2,063,330
4,317,808	13,115,013	28,261,183
9,296,055	3,654,193	11,581,344
-	232,642	-
5,021,753	9,228,178	16,679,839
5,370,577	39,531,808	99,420,638

*** D02 ***

End of year	$445,252,793	$280,392,330	$48,759,986	$116,100
	===========	===========	===========	========

*** D03 ***

0,392,330	$48,759,986	$116,100,477
=========	===========	============

*** D04 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1994 AND 1993

(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, subject to the provisions of ERISA. 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) Income Tax Status

The Internal Revenue Service ("IRS") advised Capital Cities/ABC on March 24, 1989 that the Plan is qualified under Section 401(a) of the Internal Revenue Code ("IRC"), and therefore, its related trust is exempt from Federal income taxes under the provisions of Section 501(a) of the IRC. In 1994, the Plan was submitted to the IRS for a new determination which would apply to the amended Plan's continued qualified status under Section 401(a) of the IRC. The Plan has been amended to comply with certain legislative and regulatory changes.

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.

*** D05 ***

SUPPLEMENTAL SCHEDULES

*** D06 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

ITEM 27(A) - ASSETS HELD FOR INVESTMENT

DECEMBER 31, 1994

	NUMBER OF UNITS	COST	MARKET VALUE
Fidelity Management Trust Company Funds:			
Capital Cities/ABC, Inc. Common Stock Fund	35,153,782	$178,911,112	$404,971,567
Asset Manager	3,439,068	50,086,655	47,562,305
Retirement Money Market Portfolio	37,572,634	37,572,634	37,572,634
Magellan Fund	480,246	31,687,157	32,080,436
Growth & Income Portfolio	1,148,987	24,720,813	24,232,136
Institutional Short-Intermediate Government Portfolio	1,125,485	10,481,785	10,331,956
		$333,460,156	$556,751,034

*** D07 ***

CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

SINGLE TRANSACTIONS IN EXCESS OF 5% OF THE CURRENT VALUE OF PLAN ASSETS

YEAR ENDED DECEMBER 31, 1994

Shares	Description of Investment	Cost of Investment Purchased	Proceeds from Sale	Cost of Investment Disposed	Gai (Lo
67,517,464	AETNA Life Group Annuity Contract (2.91%)	$ -	$67,517,464	$67,517,464	$
42,498,121	Bankers Trust Pyramid Directed Account Cash Fund	42,498,121	-	-	
49,047,823	Bankers Trust Pyramid Directed Account Cash Fund	-	49,047,823	49,047,823	
36,208,300	Metropolitan Life Group Annuity Contract (6.31%)	-	36,208,300	36,208,300	
39,084,310	Metropolitan Life Group Annuity Contract (6.44%)	-	39,084,310	39,084,310	
39,084,310	Metropolitan Life Group Annuity Contract (6.31%)	39,084,310	-	-	

There were no category (ii) or (iv) reportable transactions during 1994.

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VESTMENT PLAN

NT VALUE OF PLAN ASSETS

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f nt ed	Proceeds from Sale	Cost of Investment Disposed	Gain/ (Loss)
-	$67,517,464	$67,517,464	$ -
121	-	-	-
-	49,047,823	49,047,823	-
-	36,208,300	36,208,300	-
-	39,084,310	39,084,310	-
310	-	-	-

actions during 1994.

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CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

SERIES OF TRANSACTIONS IN EXCESS OF 5% OF THE CURRENT VALUE OF PLAN ASSETS

YEAR ENDED DECEMBER 31, 1994

Description of Investments	Type of Transaction	Total Number of Transactions	Purchase Price
Bankers Trust Pyramid Directed Account Cash Fund	Purchases	128	$ 81,692,040
	Sales	73	-
Aetna Life Group Annuity Contract (2.91%)	Purchases	-	-
	Sales	8	-
Metropolitan Life Group Annuity Contract (6.44%)	Purchases	-	-
	Sales	1	-
Metropolitan Life Group Annuity Contract (6.31%)	Purchases	7	40,061,700
	Sales	7	-
Capital Cities/ABC, Inc. Common Stock Fund	Purchases	74	194,207,149
	Sales	67	-
Asset Manager	Purchases	71	77,046,581
	Sales	65	-
Retirement Money Market Portfolio	Purchases	81	114,856,427
	Sales	72	-
Magellan Fund	Purchases	61	33,880,147
	Sales	58	-
Growth & Income Portfolio	Purchases	60	26,176,961
	Sales	57	-

There were no category (ii) or (iv) reportable transactions during 1994.

(Continued on next page)

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CAPITAL CITIES/ABC, INC. SAVINGS & INVESTMENT PLAN

SERIES OF TRANSACTIONS IN EXCESS OF 5% OF THE CURRENT VALUE OF PLAN ASSETS

YEAR ENDED DECEMBER 31, 1994

Description of Investments	Redemption Price	Cost Investments Sold	Realized Gain/(Loss)
Bankers Trust Pyramid Directed	$ -	$ -	$ -
Account Cash Fund	85,489,927	85,489,927	-
Aetna Life Group Annuity	-	-	-
Contract (2.91%)	75,626,288	75,626,288	-
Metropolitan Life Group	-	-	-
Annuity Contract (6.44%)	39,084,310	39,084,310	-
Metropolitan Life Group	-	-	-
Annuity Contract (6.31%)	40,061,700	40,061,700	-
Capital Cities/ABC, Inc.	-	-	-
Common Stock Fund	32,029,546	15,659,184	16,370,362
Asset Manager	-	-	-
	26,702,780	26,992,831	(290,051)
Retirement Money Market Portfolio	-	-	-
	77,210,423	77,210,423	-
Magellan Fund	-	-	-
	2,213,832	2,193,955	19,877
Growth & Income Portfolio	-	-	-
	1,454,858	1,458,746	(3,888)

There were no category (ii) or (iv) reportable transactions during 1994.

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CONSENT OF ERNST & YOUNG LLP

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 17, 1995, with respect to the 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, 1994.

ERNST & YOUNG LLP

New York, New York
March 17, 1995

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*** E01 ***

EXHIBIT (99)(b)

The Registrant hereby undertakes as follows which undertakings shall be and hereby are incorporated by reference into Form S-8 Registration Statements No. 33-25918, No. 33-33761, No. 33-52563 and No. 33-52947.

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 <u>bona fide</u> 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 <u>bona fide</u> 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 of Regulation S-X is 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.