

Broadcasting May 6

Vol. 108 No. 18

TOP OF THE WEEK

Another spin for TV's revolving door

Metromedia wants to sell six of its TV stations to group headed by Murdoch, 20th Century Fox and Marvin Davis for \$1.5 billion; other TV expected to go to Hearst

Eleven months after Metromedia completed a \$1.45-billion leveraged buyout to take the company private, Metromedia chairman and principal owner, John W. Kluge, is working on an agreement to sell all of Metromedia's television station interests for more than \$1.5 billion to an entity composed of 20th Century Fox Film Corp., Denver oilman Marvin Davis and Australian publisher and broadcaster Rupert Murdoch. Twentieth Century Fox is owned 50% by Davis and 50% by a subsidiary of The News Corp. Ltd., which in turn is principally owned by Murdoch.

Sources said the deal calls for the sale of the six Metromedia independent television stations, while the seventh, ABC affiliate WCVB-TV Boston, will be sold to an unidentified third party for "substantially in excess" of \$400 million. Metromedia bought the station in August 1982 for the then-record price of \$220 million.

Unconfirmed reports said the buyer of the Boston station was Hearst Broadcasting, group owner of five TV's, four AM's and three FM's. The purchase price was said to be about \$450 million. Hearst officials could not be reached for comment. (In 1982 Metromedia sold KMBC-TV Kansas City, Mo., to Hearst for \$79 million.)

Metromedia's five AM and six FM stations are not part of the contemplated transaction, sources said.

(The week earlier a group of WCVB-TV executives had approached Kluge about the possibility of buying the station from Metromedia. Philip S. Balboni, vice president of news at the station, told BROADCASTING that he, along with James Coppersmith, the station's vice president and general manager; Paul LaCamera, programming vice president; Thomas Bringola, business affairs vice president, and Dr. Timothy Johnson, met with Kluge about acquiring the station in a leveraged buyout. Balboni said that although Kluge was "extremely gracious," he told them that he had already made a verbal agreement with another entity that if the station ever went up for sale it would be offered right of first refusal.)

Murdoch, because of FCC crossownership problems with newspapers that his U.S. subsidiary, News America, owns in New York, Chicago and Houston, presumably

would have to divest either the broadcast or publishing properties in those markets. In his visit to the FCC last week, Murdoch did not indicate what his plans were other than to say he would comply with all regulations.

Murdoch's companies own the *New York Post*, *Chicago Sun-Times*, *Boston Herald*, *San Antonio Express and News*, *The Village Voice*, *New York* magazine and weekly newspapers in Houston as well as *The (London) Times* and *Sunday Times* and Australian newspapers and television network.

A possible obstacle to FCC approval is that Murdoch is not a U.S. citizen. Howev-

er, he told BROADCASTING he will seek citizenship. According to a spokesman for the U.S. Immigration and Naturalization Service, Murdoch has been a "permanent resident" since April 27, 1975, and that he needs only about six months to obtain citizenship—the normal waiting period is three to five years. The spokesman added that could be speeded up if Murdoch were able to get a "private bill" passed through Congress.

The new entity is said to want to keep the television stations' present management and personnel in place.

Details of the agreement are yet to be an-



Buyer and seller. John Kluge, Metromedia chairman, president and chief executive officer (r), and Rupert Murdoch, international media mogul (l), last week made courtesy calls on all of the FCC commissioners (James Quello is shown above) to brief them on their \$1.5-billion deal.

According to the commissioners, Kluge and Murdoch revealed that Murdoch is planning to become an American citizen. (FCC rules prohibit foreigners from owning more than 20% of a broadcast licensee directly; the limit is 25% if that interest is held through an intervening corporate layer.) They also revealed that Kluge planned to retain the Metromedia radio properties.

In an impromptu interview with BROADCASTING at the commission, Kluge declined comment on his motivation for selling the properties. He also declined comment on the deal's price tag. But one commissioner said Kluge noted that off-network programming was getting "very expensive," and that Kluge wanted to expand his investment in cellular radio. "He [Kluge] said he wanted money for cellular and that cellular represented a new challenge for him," the commissioner said. Kluge and Murdoch apparently did not tell the commissioners how much money the deal involved.

The commissioners also said Kluge and Murdoch told them they intended to file a long-form transfer application with the FCC, and that they were hoping to go public with their plans today (May 6). No mention was made of waiver requests. In addition, Murdoch told the commissioners that he would bring money in for programming. "He [Murdoch] doesn't seem to be undercapitalized," said one commissioner. "I think they [the Metromedia television stations] will be bigger and better than ever."

Quello said Murdoch and Kluge indicated they planned to comply with all FCC rules. "So there shouldn't be any bar to this acquisition," Quello said.