buyers, such as LIN Broadcasting, that might have helped intensify the bidding. Michael Plouf, vice president and treasurer at LIN, declined to comment on any involvement LIN might have had in the ENA proceedings.

Although Cooke did not come out on top, he told BROADCASTING that he had no grudges about the way the bidding was handled: "Mr. Clark was most charming and helpful to me and so was the whole board when I talked to them earlier in the week. I think the price paid was full bore. My offer was close to Mr. Neuharth's but his was higher and therefore he won the medal." Asked if he thought money was ENA's only consideration in choosing Gannett, Cooke said, "I think it had to be; it was their fiduciary responsibility."

Another person involved in the final round of negotiations suggested that Gannett did indeed get a bargain: "The purchase price is clearly lower than the value of the assets individually. If the board had wanted to go through a liquidation they could have gotten a much higher price, but that is an uncomfortable process, especially for a family-held company, and I think they would admit that. It is a tribute to Gannett and their bankers (Shearson/Lehman) that they moved quickly so that there was never any thought that the company would consider liquidation."

For its money, Gannett, which only recently moved its corporate headquarters to Washington, D.C., from Rochester, N.Y., will purchase WDVM-TV Washington; KOLD-TV Tucson, Ariz.; WALA-TV Mobile, Ala.; KTVY(TV) Oklahoma City, and KVUE-TV Austin, Tex. The company being bought also includes *The Detroit News*; co-located WWJ(AM)-WJOI(FM) Detroit, *The Desert Sun* (Palm Springs, Calif.) and several other papers in California and New Jersey.

Certain divestitures will have to be made because of the sale. If *The Detroit News* is kept by Gannett, and Chairman Neuharth said that was the intention in an interview he gave to the rival *Detroit Free Press*, then both ENA's Detroit radio stations and Gannett's co-located WCZY-AM-FM will have to be sold to comply with the FCC's crossownership rules. *The Evening News* would be the largest of the more than 85 dailies Gannett currently owns.

Gannett already owns a TV station in Oklahoma City, KOCO-TV, an ABC affiliate, and would therefore have to sell it or ENA's NBC affiliate. Additionally, in Tucson, Gannett operates the *Tucson Citizen*, which at the end of 1984 had a circulation of 62,000, and would either have to sell it or ENA's KOLD-TV to comply with cross-ownership rules.

If Gannett keeps the TV station in Tucson its reach of television households as a result of the ENA purchase would increase from 6.63% (giving its Boston UHF station, WLVI-TV a half value) to 9.52%; if it sells KOLD-TV its reach increases to 9.2%. Either way it moves in the ranks of group television operators from 16th to 11th, behind Group W and ahead of Cox.

In response to a question about whether WDVM-TV was especially important to Gannett, the company's vice chairman and chief financial officer, Douglas H. McCorkindale, told BROADCASTING: "It means a lot to us to have the lead station in the nation's capital, certainly from a news and journalistic point of view. We all have been watching the station and know Ed Pfeiffer [the general manager]. A company associated with us in the late 70's, Combined Communications [with which Gannett merged in 1978] had a transaction to buy WJLA-TV [Washington] but that didn't get through to completion."

Asked what it would mean to increase the station group from six stations to 10, assuming it keeps all but one of the Oklahoma City stations, McCorkindale said, "It does have meaning but I don't know how to measure that. We are generally number one in news in those markets where we have stations, except those that have just joined us, and we think the ENA stations already have excellent news products. Maybe our resources can even help improve that."

Gannett, which had revenue just shy of $2 billion in 1984, should have no problem financing the transaction, according to those familiar with the company, even though it recently completed the purchase of *The Des Moines* (Iowa) *Register* and several smaller properties of the Register & Tribune Co. Its recent purchases could well make it the fifth largest media company, in terms of total revenue, just behind the three network parents and Time Inc. The exact method of financing the ENA purchase has not yet been determined, according to a company spokesman. □

The axe falls at ABC

ABC followed through last week on plans to lay off 3% of its work force, or about 350 employes. In addition, the network said it had eliminated another 265 unfilled positions from the payroll. In a prepared statement, ABC President Frederick Pierce said the cuts were undertaken "to prepare the company for this year's uncertain economic environment and to better position ABC for the long range." He said the cut backs would result in "improved productivity and significant cost reductions" over the long term. More than one-third of the actual layoffs and close to half of the eliminated unfilled positions came from the television network and owned stations operations, a network source said. The source described the cuts as "ecumenical" in those divisions, ranging from entry level and clerical positions to vice presidents. "We didn't look at the people, we looked at the jobs," the source added, with an eye toward eliminating "extraneous" posts.

Group W Cable goes on the block

Analysts say operations could be worth between $2.4 billion and $2.8 billion; company seeks bottom-line improvement with move; share repurchase also made

Westinghouse Electric Corp. announced last Wednesday (Aug. 28) it would "explore the sale of its cable television business." Its 140 cable systems serving 2.1 million subscribers are to be put on the market as a group with a price tag that would make it the largest sale of cable properties ever. Group W Satellite Communications, the cable programing arm of Westinghouse Broadcasting and Cable (Group W), will remain with the company, although the company has yet to decide whether it will sell the "Z Channel."

The sale of its cable holdings, one of 26 business units in the Pittsburgh-based industrial and electrical company, is part of a corporate restructuring to "enhance stockholder value and to continue the corporation's record of improving financial performance," according to last week's announcement.

The Westinghouse parent board last week also approved plans to repurchase up to 25 million shares of the company's stock, 14% of the 175 million shares outstanding. The investment community evidently liked the announcement as the stock rose $4.75, to $38.25, on volume that made it the second most actively traded stock on the day of the announcement.

According to Nicholas Heymann, a securities analyst with Drexel Burnham Lambert, there were several reasons why the sale of Westinghouse cable operations made sense. One is that the directors and management of Westinghouse were concerned about a possible takeover attempt. Compared to its recent trading at around $30 per share, Heymann said, the "breakup" value of the company was closer to $45-to-$55 per share.

Cable is a business that a raider could quickly sell to finance a takeover, said Heymann, and the company may have thought it should do it before somebody else did. The idea that Westinghouse was concerned about a takeover is evidenced by anti-takeover measures adopted at its annual shareholders meeting in May.

Related to the concern about a takeover is the idea of keeping the shareholders happy and the feeling that the company could be doing better at the bottom line. Group W Chairman Daniel L. Ritchie told BROADCASTING: "The problem is that cable is a great cash flow business but the reported earnings, compared to the value or the investment here, are relatively small, and not reflected in the stock values."

The cable operation had reported a loss until the the last half of 1984, and it is still performing below the company average, which, according to Heymann, is itself below the returns of some comparable companies. Using return on equity as a measurement (net income divided by shareholders'