

RCA to extend into publishing

Plan to acquire Random House for \$37.7 million

subject to boards' approval; Cerf to join RCA board

RCA, interested for months in bringing a publishing company into its electronics empire, announced last week an "agreement in principle" to acquire Random House Inc., New York. The publisher would be purchased for RCA stock worth \$37.7 million.

The tentative deal provides that Random House would be a wholly owned RCA subsidiary but retain its autonomy of operation under present management headed by board chairman and co-founder, Bennett Cerf.

Electronics and the printed page are considered natural partners in the future dissemination of educational materials. However, past attempts of both RCA and CBS to merge publishing houses into their operations have failed.

An earlier plan of RCA to acquire the text-book publishing Prentice-Hall Co. was abandoned last April. CBS, which is still interested in obtaining a publisher, gave up on a plan to acquire Allyn & Bacon last December, saying it was unable to conclude an agreement.

RCA's planned merger with Random House was announced along with a 1966 spending program calling for a record outlay of \$195 million by RCA for expansion of production facilities with the emphasis on color-TV-tube and color-set plants (see page 71).

The Random House acquisition is subject to the approval of both companies' boards of directors and of Random House stockholders. According to the proposal, each of the publisher's 1,274,176 outstanding common shares would be exchanged for 0.62 share of RCA common. On the day the merger plan was made public, RCA shares closed at 47¾, making the transaction worth approximately \$37.7 million.

Stock Values ■ Random House, which closed at 27 on the New York Stock Exchange the same day, has a market capitalization of about \$34.4 million. The company established a sales record in its last fiscal year, when revenues reached \$32.8 million and profits were up 45% to \$973,189.

Random House divisions and subsidiaries include Alfred A. Knopf Inc., Pantheon Books, Beginner Books, L. W. Singer Co. (publisher of school texts), The Modern Library, The American College Dictionary, Vintage paperbacks and Random House school and library service. It also owns close



Brig. Gen. David Sarnoff (right), chairman of the board of RCA, and Mr. Cerf conclude the agreement in principle.

to 10% of Grosset & Dunlap, another publishing house.

Random House assets include its headquarters building at 457 Madison Avenue, New York, but no printing plant facilities.

Terms of the merger plan include the proposal of Mr. Cerf as a member of RCA's board of directors.

Richmond company buys Tampa operations

Richmond Newspapers Inc., Richmond, Va., acquired controlling interest in the Tribune Co., Tampa, Fla., last week and at the same time placed \$17.5 million in notes with institutional investors.

Both the Richmond publishing company and the Tampa newspaper own broadcast stations; the former, WRNL-AM-FM Richmond, and the latter WFLA-AM-FM-TV Tampa. The Richmond newspapers are the *Richmond Times-Dispatch* and *News Leader* and the Tampa newspaper is the *Tampa Tribune* and *Times*.

Although D. Tennant Bryan and family, the principal stockholders of the Richmond newspaper firm, already had

a controlling interest in the Tampa company through trusts, the move put Richmond Newspapers directly in 51% control. D. Tennant Bryan is majority stockholder of Richmond Newspapers. The \$17.5 million will be used to pay Tribune trusts. The entire transaction was caused by the death of J. Stewart Bryan.

The 20-year notes, taken principally by the John Hancock Mutual Life Insurance Co., Boston, carry 5½% interest. Lehman Brothers negotiated the loans.

C-E-I-R to issue additional stock

Stockholders of C-E-I-R Inc., Washington, parent company of the American Research Bureau, have voted overwhelmingly to increase authorized class A capital stock from 2 million shares to 2,750,000 shares.

The meeting last week also heard Chairman Herbert W. Robinson report that ARB will spend more than \$250,000 in the current fiscal year to improve its TV audience measurement service. Another \$500,000 is budgeted to enter radio measuring on a "decisive scale."

The money in the television field, it was explained by ARB officials, is for the establishment of its instant-spot-availabilities service (BROADCASTING, Dec. 27, 1965) and to add further demographic information to its monthly television rating reports.

ARB has only begun to cover the country with radio ratings. It started last fall and the second report came out last month. The radio service covers only 15 cities at the present time. ARB hopes to expand this soon to 30 cities then to more and more cities.

In its proxy statement to stockholders, C-E-I-R reported that George W. Dick, president of ARB and a director of the parent firm, owns 1,000 shares and holds options to purchase 29,500 shares. The options were granted in 1962 and 1963 at \$6.77 and \$6.69 per share and expire in 1968 and 1969. C-E-I-R stood at 14½ bid and 14¾ asked in the over-the-counter market last Thursday (Jan. 13).

The report also shows that Mr. Dick, whose salary as ARB president is \$40,280 received \$52,606 as a bonus in the fiscal year ended Sept. 30, 1965. ARB's senior vice president, Rodney S. Erickson, received \$17,575 as a bonus for 1965. Mr. Erickson's salary was not disclosed.

Mr. Robinson said that C-E-I-R, on the basis of business for 1966, would be able to pay a stock or cash dividend after the end of the fiscal year.