Preserving TVX. The sale of WCIX(TV) Miami to CBS is a measure of financial good news for the seller, TVX Broadcast Group Inc. and its major creditor, Salomon Brothers Holding Co. (SBHC). The companies are hoping that a planned recapitalization will preserve TVX, which as of March 31 was $263 million in debt to SBHC and unable to make cash and interest payments of $209 million that were due.

The $340 million in expected proceeds from the recapitalization will go part way to retiring the debt which has burdened the Virginia Beach, Va.-based independent group operator since it acquired five stations from Taft Broadcasting last year.

The company's financial difficulties had in fact caused it to seek temporary exemption from qualification standards for Nasdaq stock listing. Two weeks ago, the company was granted the exemption and assigned a new stock symbol (TVXGC) under Nasdaq procedure. The company's new status resulted specifically from its negative shareholder equity as reported on its March 31 balance sheet. Once the recapitalization takes effect, the company expects to resume its normal listing on the exchange, said F. Gray Kiger, vice president and chief financial officer.

In addition to the sale of WCIX, the company is currently seeking buyers for several of its other stations, with proceeds to be used to retire the newly issued debt. One of the possible buyers is former TVX president Tim McDonald, but, said Kiger: "We are not close to a contract at the moment." The company has already agreed to sell two smaller stations, WCAY-TV Nashville and KJTM-TV Pine Bluff, Ark., for about $12 million, not all in cash.

The company's recapitalization plan calls for replacing most of the debt, primarily a $248-million credit facility from Salomon, with two new debt issues: two-year notes collateralized mostly by stations that the company plans to sell, and 12-year notes backed by proceeds from the stations that the company hopes to keep. The stations whose revenues or sale proceeds are to back the two-year notes include eight of TVX's 12 properties. Included in this group are the three stations covered by sale agreements, and KTXH(TV) Houston, a station Kiger said TVX will try to hold onto, through a separate refinancing. The four stations the company hopes to retain are: WTAF-TV Philadelphia, KTXA(TV) Dallas, WDCA-TV Washington and WLFL-TV Raleigh, N.C. Previously, WCIX, the only VHF station among TVX's properties, was also included in this group.

Additionally, the capitalization calls for a new equity issue of $140 million in preferred stock to be offered to current stockholders, with the goal of replacing old securities; retiring additional debt, and raising cash. SBHC, the company's major creditor, would own all notes it cannot privately place and will purchase all preferred stock that is not sold under the rights offering. SBHC has forgiven substantial interest payments on its debt and extended deadlines for capital repayment this year. SBHC also initiated the discussions leading to the recapitalization plan. Since March, three of SBHC's managing directors have been on TVX's board.

The recapitalization plan, which Kiger said the company is amending and clarifying in response to SEC review, is subject to shareholder approval. It will be up for vote at the annual shareholder meeting some time in September, Kiger said.

ate to the north, WPEC. Alex Dreyfoos, president of Photo Electronics Corp., licensee of WPEC, said the West Palm Beach station will be watched in more Broward county and Palm Beach homes, especially noncabled ones: "Things do change as we become more highly cabled, but the southern part of our ADI is still only half-penetrated."

In addition to being able to sell advertising for its news and other programing further south, WPEC will also receive a further increase in compensation due to its greater audience delivery in that area. When it was an ABC affiliate, the signal of Miami ABC affiliate WPLG(TV) carried well into Palm Beach and reduced the station's efficiency as a deliverer of audience. Dreyfoos also said the station will be getting increased promotional help from CBS, but he said no upfront cash persuader was part of the deal. □

Murdoch buys 'TV Guide'

News Corp. will have to sell some assets to pay $3 billion for Triangle Publications; some in industry express concern over 'TV Guide' position vis-a-vis Fox Broadcasting

In what may be the largest publishing deal in history, Rupert Murdoch's News Corp. will spend $3 billion to buy Triangle Publications Inc., the publisher of *TV Guide* and two other publications. The proposed transaction, announced last Sunday, will force News Corp. to sell some of its assets to raise money for the purchase—although a News Corp. executive suggested those assets would not include broadcast or film holdings—and raises questions as to whether the future content of the television magazine would be affected by the buyer's ownership of Fox Broadcasting Co.

The Australia-based media conglomerate run by Murdoch was the only buyer seriously considered by Triangle, which is run by 80-year-old chairman and majority shareholder, Walter H. Annenberg. The two men began discussions of the sale in early July, at the initiative of a magazine broker.

The definitive agreement for the transfer will take at least a month to draw up, according to Triangle's president, William J. Henrich, Jr. *TV Guide*, which representatives of CBS and ABC called their most important "tune-in" medium, may be i Murdoch's hands within three months, ac cording to Don Galletly, vice president, in vestor relations, at News Corp. *TV Guide* the highest-circulation magazine in th U.S., with an average paid circulation of 1 million, according to the Audit Bureau c Circulations.

News Corp.'s purchase of Triangle which also publishes the *Daily Racin Form* and *Seventeen* magazine, puts th company "in the big leagues of the U.S magazine business," said Mark Riely, a me dia analyst at Eberstadt Fleming Inc. wh follows News Corp. "Adding *TV Guide* an *Seventeen* puts Murdoch in the billion-dolla range with revenues." Triangle's assets als include a number of printing plants and magazine distribution arm. News Corp. al ready holds *New York*, *New Woman* an half of *Elle* and *Premiere* among its U.S magazine properties.

This purchase would further increas U.S.-based contributions to the compan ledger. For the nine months ending Marc 31, 41% of News Corp.'s operating profit o $502.9 million came from U.S. operations

Triangle has an annual cash flow of $20 million on revenues of $700 million, ac cording to industry estimates. For the fisca year ended June 30, News Corp. had a cash flow of approximately $1.1 billion on rev enues of $5.1 billion, Riely said.

Murdoch said that he was planning t raise half of the $3-billion purchase pric through asset sales, with the balance to b raised through bank credit lines. He told *Th Wall Street Journal* that he expected to rais $400 million through the sale of New Corp.'s 6.8% stake in Reuters Holdings PLC and undeveloped real estate in Australia an Britain. The company has said that part o the $320 million in proceeds from the recen sale of a Los Angeles office building woul go toward the Triangle purchase. "I don' think one should imagine that television o film assets are for sale," said Don Galletly vice president, shareholder relations, a News Corp.

The company said that the purchase would have no effect on the operations o Fox Broadcasting. The additional debt ser vice resulting from the Triangle acquisitio would not limit the money available for Fox Galletly said.

The price for News Corp.'s America Depositary Receipts, worth two shares o common stock apiece, remained steady a $17.25 the day following the announce ment.

Competitors of Fox Television, both at the network and station level, were concerne that *TV Guide* might lose its editorial impar tiality among the networks by playing favor ites with Fox Broadcasting, and also ex pressed the thought that Murdoch woul hurt the magazine by using it to help the network.

"*TV Guide* has been pretty impartial s far. The fact that it might not continue to be impartial is of concern to us," said Leavit Pope, president of WPIX Inc., which is i competition with Fox's WNYW(TV) New York. "We're worried about listings; we're worried about advertising placement; we're worried about editorial content," he said. "I