holds to 9.3%, according to Nielsen, and increases company revenue by 40%, from $122.5 million last year.

Of the price Young is paying for KCAL, broker Steve Pruett of Communications Equity Associates, New York, says: "I think it's going to prove to be a cheap price." With duopoly regulations still to be ironed out, "I don't think the marketplace fully understands the full value of that station." The FCC has said it will address changing the duopoly rules by the end of the year.

"I'm surprised it went that low," says Elliot Evers of Media Venture Partners, San Francisco. "It's a big plum for [Young]."

Hepburn finds the price a bit on the high side, but says perhaps "it deserves a premium in that it is the last VHF station in Los Angeles."

"We found a fabulous deal there," Young says. The company is paying a cash-flow multiple of 16 for KCAL, Bloomberg Business News reports. However, Young says that a pro forma cash flow for 1996 creates a multiple of eight. He expects to be able to reach that number because, he says, his company can lower the station's expenses by $20 million the first day it takes over.

Young says Disney wasn't concerned with the station's bottom line. "They had a different focus...to create a great image for the station." That, he says, is expensive. "We take a more bottom-line approach to running a station."

To wring more money from KCAL, Young's approach will be "from the bottom up, [to] recreate that station, [department] by department, [line item] by line item," he says. According to the company's 1995 10-K report, that typically is done by reducing staff, changing benefits and trimming travel "and other nonessential expenses."

KCAL, although in a market where Young traditionally would not find itself, actually is a good fit, Young says. He likes the idea so much, in fact, that he is looking to buy more large-market TV stations. Young stations are news-driven and so is KCAL, Young says. KCAL airs three separate news blocks between 8 and 11 p.m. The station also is home to college football games and Los Angeles–market sports teams the Lakers, California Angels and Mighty Ducks.

The station has ranked fifth in the market for the last two quarters, up from seventh, Young says.

Disney paid $324 million for KCAL in 1989 and expects a gain of $150 million on the sale. ■

N.Y. Times buys two TVs

By Michael Katz

Making good on its promise to analysts earlier this month, The New York Times Co. increased its broadcasting stake last week with the purchase—subject to FCC approval—of two TVs from Palmer Communications for $226 million.

The Times picked up NBC affiliates KFOR-TV Oklahoma City and WHO-TV Des Moines, Iowa. It owns six other TV stations (four CBS affiliates and two ABC affiliates) and two radio stations, and publishes the *New York Times*, the *Boston Globe* and 21 regional newspapers.

"[The law] has created a frenzy of station activity," C. Frank Roberts, president of The New York Times Co.'s Broadcast Group, said in its presentation to analysts on May 2. "But it will also create more buying opportunities, as most owners now realize that they can no longer just sit on the sidelines with one or two stations. We strive to make broadcasting's contribution a more significant part of the company's future."

In the past year, The Times Co. also has stepped up its investment in the cable industry. The company has minority interests in Ovation: The Fine Arts Network, which launched last month, and The Popcorn Channel, a network devoted to movie-related programing and local theater listings, which launched last November. It also has ownership in news programing ventures Video News International and Sarasota News Now. ■

Sale soon in Boston?

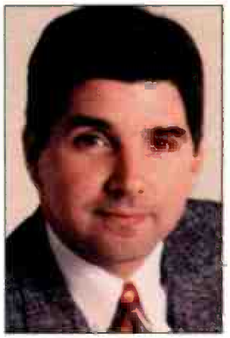
Boston University has been mulling offers for its WABU(TV) Boston, ch. 68, since last year. Market sources say BU (which bought the station in 1993 for $3.8 million) has turned down at least two offers, including one for nearly $40 million from a group led by David Mugar, former principal owner of WHDH-TV Boston (which he sold to Sunbeam Television Corp. in 1993 for $204 million). Several months ago, BU hired Lehman Brothers to appraise the station, a process that WABU President Robert Gordon says should be completed shortly. Gordon was reluctant to talk about offers made for WABU, or even to confirm that it's for sale. He did say the station's owners believe WABU is worth "well in excess" of $40 million. —SM

Ellis gets new investor

By Elizabeth A. Rathbun

After four months of searching, Bert Ellis has found a buyer for his 12 TV stations: Bert Ellis.

Ellis Communications Inc. last Tuesday trumpeted the news that it has been sold for $732 million in cash to a new company. The new company's name? Ellis Acquisitions Inc., located at the same Atlanta address as Ellis Communications. The news release says, however, that



Bert Ellis will continue to work for new company, but he declined to say how much of it he will own.

Ellis Acquisitions will be controlled by mergers and acquisitions lawyer Stephen I. Burr of Boston. The deal is subject to FCC approval.

The most substantive change appears to be the main investor in the company. Ellis Acquisitions will be financed by Retirement Systems of Alabama, a pension fund for teachers and state employes that also funded Donald Tomlin and Gary Knapp's October 1994 purchase of Park Communications Inc. Ellis Communications' 80% investor was Kelso Partners IV LP, FCC documents show.

"Key management of Ellis Communications...will remain in place and will