

# CBS, Group W form historic alliance

*Affiliations, joint station buying, program deals in prospect*

By Julie A. Zier

In a single deal, CBS and Group W locked up affiliation agreements in five markets, formed a new station buying group, merged their sales teams and created a programming and distribution partnership.

And that doesn't even include a possible radio merger.

The announcement of the deal last Thursday came after several months of concurrent negotiations with NBC and Fox. The talks gained momentum after the Fox-New World alliance, says CBS TV Network President Peter Lund. "It was just a reaffirmation for us that what we were talking about [was] a good opportunity," he says.

NBC will lose two Group W affiliates, but NBC-TV Network President Neil Braun says the network is "confident" it will soon find replacements.

All five Group W stations—KPIX-TV San Francisco, KDKA-TV Pittsburgh, WBZ-TV Boston, KYW-TV Philadelphia and WJZ-TV Baltimore—will be bound to CBS for 10 years under the terms of the deal.

KPIX-TV and KDKA-TV are now CBS affiliates. WBZ-TV and KYW-TV will drop NBC to make way for CBS. WJZ-TV had lost its ABC affiliation to WMAR-TV in Scripps Howard's blanket agreement with ABC.

Hearst's WBAL-TV Baltimore and Ed Ansin's WHDH-TV Boston will lose CBS affiliations, but both will have shots at NBC and Fox. Fox is on UHF outlets in both markets.

In Philadelphia, CBS will divest O&O WCAU-TV to allow for the KYW-TV affiliation. Fox, now on Paramount's UHF channel WTXF-TV, and NBC already are contenders for the station, confirms a source close to the deal. CBS likely will swap WCAU-TV for one or two large-market stations, the source adds.

"It puts heat on NBC in Boston and Philadelphia," says analyst Jay Nelson of Brown Brothers Harriman & Co. in New York. "It was a good proactive move by CBS, which was perceived to be on the defensive."

Group W and CBS also plan a new entity to acquire TV stations in large markets. CBS will acquire a minority



| Philadelphia | Ch. | Now | To Be |
|--------------|-----|-----|-------|
| KYW          | 3   | NBC | CBS   |
| WCAU         | 10  | CBS | ???   |
| WPVI         | 6   | ABC | ABC   |
| WTXF         | 29  | FOX | FOX   |

| Boston | Ch. | Now | To Be |
|--------|-----|-----|-------|
| WBZ    | 4   | NBC | CBS   |
| WCVB   | 5   | ABC | ABC   |
| WFXT   | 25  | FOX | FOX   |
| WHDH   | 7   | CBS | ???   |

| Baltimore | Ch. | Now | To Be |
|-----------|-----|-----|-------|
| WBAL      | 11  | CBS | ???   |
| WBFF      | 45  | FOX | FOX   |
| WJZ       | 13  | ABC | CBS   |
| WMAR      | 2   | NBC | ABC   |

*These charts show the competitive lineup in the Westinghouse markets now and as proposed under the new deal with CBS.*

interest in KYW-TV, which will serve as the new group's flagship.

Majority interest in the new stations will be held by Group W, which will have day-to-day control over the company. Group W Television President Jonathan Klein will retain his current job and serve as president of the new venture.

FCC rules limit groups to 12 stations and a reach of no more than 25% of U.S. TV households. Because Group W is to be the majority owner

of the acquired stations, they will count against its total. Group W's five stations currently reach 9.7% of U.S. homes.

The deal also calls for a joint venture to produce programming for Group W and CBS O&Os. If the FCC prohibition against networks entering the domestic syndication business expires as expected in November 1995, the joint venture then will syndicate the shows.

"There is a shared vision and goal on the types of programming we want to get into," says Group W President/CEO Bill Korn. "It is set up so programming people and TV people are running it together, so that TV people get committed up front."

Group W will also hold the majority interest and operational control in a joint rep firm, which will merge the companies' advertising sales staffs.

The Group W-CBS deal was unrelated to the CBS-QVC merger or its collapse. "We were prepared to do a deal before Barry [Diller], during Barry, after Barry, and maybe with Barry again," Korn confirms. "We saw Barry as a directional plus because of his programming background, but he was not a critical factor one way or another."

Korn says there is "no grand plan" for a merger with CBS, "but that doesn't mean that under certain circumstances, something else couldn't happen."

Not included in the deal is cable. Group W owns Home Team Sports. Through its Satellite Communications division, it is also part owner of the Nashville Network, Country Music Television and a sports marketing service.

Although a radio deal was not part of the announcement, a source at Group W says that an agreement "looks promising." CBS owns 22 stations; Group W, 16. Both have stations in New York, Los Angeles, Chicago, San Francisco, Philadelphia, Detroit, Houston and Boston. If the groups are merged, stations will have to be spun off to comply with FCC ownership limits.

The source says a deal could be struck by summer's end. ■