THE MEDIA

NBC SWAP WITH RKO TAKING SHAPE

Philadelphia, Boston, Washington deal set if NBC can buy S. F. tv

A major realignment of radio and TV station ownership is all settled, but for details, in the country’s top markets of Philadelphia, Boston, Washington—and possibly San Francisco.

The first official acknowledgment of the widely reported but unconfirmed transfers between NBC and RKO General Inc. (CLOSED CIRCUIT, Dec. 21, 14, 1959) came last week when NBC and RKO General Inc. informed the FCC that arrangements had been made to:

- Exchange NBC’s Philadelphia outlets WRVC-AM-TV for RKO General’s Boston stations WNAC-AM-FM-TV, and
- Sell NBC’s Washington outlets WRC-AM-TV to RKO General for $11.5 million.

These transactions, the information noted, were contingent on (1) NBC finding another station property in a major market (believed to be San Francisco), (2) receiving the approval of the Dept. of Justice following the provisions of the 1959 consent judgment, and (3) receiving FCC approval.

Consent Order • The transfer of the multi-million dollar properties was based on the requirement in last year’s consent judgment signed by NBC that it would give up its Philadelphia stations. The consent order was the outcome of an antitrust complaint filed by the Dept. of Justice against the 1955 exchange of stations between NBC and Westinghouse Broadcasting Co.

In this transaction, NBC gave Westinghouse its Cleveland radio and TV stations in exchange for Westinghouse’s Philadelphia radio and TV stations plus $3 million.

In its antitrust charges, the Dept. of Justice claimed that NBC pressured Westinghouse into agreeing to the exchange by threatening to withhold network affiliation from Westinghouse stations.

The consent judgment, signed last September, requires any change in NBC’s station ownership in the top eight markets to have prior approval of the Justice Dept. This applies whether NBC buys a new property or exchanges any of its owned stations for a new outlet. The Philadelphia-Boston exchange falls in this category.

BROADCASTING Magazine has reported that NBC was negotiating to buy either the San Francisco Chronicle’s KRON-TV or the Pauley-Pabst-Ingram group’s KTVU (TV) there. An $8 million figure has been mentioned for the San Francisco transaction.

Question Mark • One possible hitch in the Philadelphia-Boston swap is the pending FCC proceeding on the complaint of Philco Corp. against NBC’s ownership of the Philadelphia stations. Philco charged that NBC’s ownership in Philadelphia gave RCA an unfair advantage in the Philadelphia market. The FCC heard oral argument last October on this protest (against the license renewals of WRCV-AM-TV) but has not yet handed down a decision.

The communication disclosing the agreement between NBC and RKO General was filed with the FCC Jan. 15. It contains a copy of a Dec. 7, 1959 letter written by P. A. Sugg, NBC executive vice-president in charge of owned stations, to RKO General Inc.

The letter was countersigned by John P. Poor, RKO General vice-president.

Red Feather praise

Communications and entertainment leaders took a bow last week for helping raise $455 million last fall for 2,200 United Funds and Community Chests all over the United States. They were recognized Tuesday (Jan. 19) at a luncheon in New York. The affair was highlighted by the report of the volunteer national chairman of the United Community Campaigns of America, Richard R. Deupree, honorary chairman of Procter & Gamble Co.

In his report, Mr. Deupree said that network television and radio delivered more than 1.4 billion home impressions. He also cited contributions of the Advertising Council and other media. The chairman read a wire from President Dwight D. Eisenhower calling the collections a “splendid testimony to the work of volunteers and the generosity of the American people.”

Philip H. Cohen, vice president of Sullivan, Stauffer, Colwell & Bayles, headed the national radio-TV committee for the 1959 campaigns. Mr. Deupree’s successor, Oliver G. Wiltits, chairman of the board of Campbell Soup Co., will announce 1960 committees later this year.

After detailing the agreement (“in principle”) for the exchange of the Boston and Philadelphia properties and the sale of NBC’s Washington outlets to RKO General, the letter set forth the conditions, the most important one of which reads as follows:

“The transfer of the NBC station properties in Washington, D.C. to RKO General will be contingent upon the simultaneous acquisition by NBC of a television station in a replacement market deemed suitable by NBC. Negotiations have already begun for the acquisition of such a station and NBC will pursue such negotiations diligently. If NBC is not able to enter into a contract for the acquisition of such a station on terms satisfactory to NBC by April 2, 1960, then this agreement in principle between NBC and RKO General shall have no further force and effect.”

A byproduct of this transaction would require RKO General to sell its present Washington stations. These are WGMS-AM-FM. The WGMS stations were bought by RKO General in 1957 for $400,000.

NT & T announces 2% stock dividend

A 2% stock dividend (in lieu of cash) for stockholders of National Theatres & Television Inc. of record Jan. 26, payable Feb. 16, was announced last week. This is a change in dividend policy.

Total revenues for the fiscal year ended Sept. 29, 1959, amounted to $66,758,211 compared with $53,667,765 for same period in 1958, the company reported. Consolidated net income for the fiscal year was $1,497,117 (55¢ per share) on 2,700,806 shares of common stock outstanding. This compares with earnings of $1,301,749 (48¢ per share) for 1958. Operations of National Telefilm Assoc. Inc. and subsidiaries are included from April 1, 1959, when NTT acquired majority interest.

Earnings for 1959 fiscal year include gains of $979,491 from the sale of KMSP-TV Minneapolis, and $270,000 from theatre and real estate sales.

During the April-September 1959 period, according to B. Gerald Cantor, president of NTT, the tv market for feature films and half-hour series underwent a drastic change. Independent