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company made a tender offer for up to 40,000 shares at $250 per share in December. It received 31,548 shares.

By then attention was increasingly focused on the company, and stories covering the interest were appearing in both Detroit newspapers. Clark said at the annual shareholders meeting in February that the company was considering going public in five years but first wanted to improve the Detroit newspaper situation and expand the company through acquisitions.

Some shareholders wanted a more immediate response to the rising value of media companies and a few months later formed the "Stockholders Equity Evaluation Committee," which reportedly now comprises over 20% of the outstanding shares. The largest ENA shareholder, Cranbrook Academy of Art, with 6%, hired the New York-based investment banking firm, Donaldson Lufkin & Jenrette, to evaluate the stock.

The company itself announced, just 10 days before L.P. proposed the tender offer, that it had "retained the services of Salomon Brothers. . .to counter proposals by some minority shareholders to seek immediate liquidity," among other purposes. In fact, ENA had been using Salomon Brothers for some time before the announcement.

Last week's tender offer for ENA came two weeks after Jack Kent Cooke ended his hostile tender offer for Multimedia by selling the 9.7% of Multimedia he already owned back to the company for a $25-million profit. There are differences in the L.P. offer for ENA. Although L.P. said Perenchio began prospecting ENA back in January, he chose not to buy any of its stock. The board of Multimedia was able to obtain written "no sell" agreements from the 40 or so family members controlling almost half the stock. There is currently no such agreement among the at least 150 Scripps descendants.

The nine members on the board of ENA, seven of whom are related, met last Friday for a regularly scheduled meeting. Although no announcements were forthcoming, or had been expected, the company is required by securities law to give an official evaluation of the L.P. bid by this Friday. Although the initial response was that the company wasn't for sale at any price, it was widely expected that both L.P. and ENA were going to have to look for new solutions. □

KKR appears successful suitor for Storer

Despite higher per-share offer from Comcast, Coniston directors join in unanimous approval of proposal from Kohlberg Kravis Roberts

At the moment of truth last Monday in Miami, only seven of Storer Communications' nine directors voted on the competing offers from Kohlberg Kravis Roberts & Co. and Comcast Corp. With Chairman Peter Storer and President Terry Lee both abstaining because of their interest in the KKR leveraged buyout proposal, the majority of the vote rested with four directors who had been elected only three months earlier in a hostile proxy contest, under the banner of "The Committee for Full Value of Storer Communications." But those four, along with three incumbent directors, unanimously chose the KKR offer, although it was at least $50 million less than Comcast's bid.

After meetings with Storer's lawyers and investment bankers in New York, both KKR and Comcast were told to make their final bids on Monday morning. Beginning at 10 a.m., Comcast Chairman Ralph Roberts and Chief Financial Officer Julian Brodsky made an hour-long presentation to the Storer board, after which KKR's Henry Kravis presented his revised offer.

The final Comcast bid offered each Storer shareholder $83.50 in cash, an increase of $1.50 over the initial cash component. Eliminated from the initial offer (BROADCASTING, July 22) were warrants to buy stock in the surviving Storer, which was to be made a subsidiary of Comcast. Also, the preferred stock being offered in that subsidiary was reduced from the initial 1.2 shares to .35 shares, with some additional compensation.

In place of the warrants and loss of preferred, the new Comcast offer substituted a $35, face value, zero coupon note. The restructuring raised the total per-share value of the original offer by $2, to $98, according to Comcast.

By reducing the equity Storer shareholders would have in the surviving company, Comcast's revised offer also attempted to eliminate the chance that the Internal Revenue Service would judge the sale a "reorganization" of Storer. If the IRS said it was a reorganization, as opposed to a liquidation, the $83.50 cash to be given shareholders could be taxed as dividends and ordinary income rather than at the much lower capital gains rate.

For apparently the same reason, KKR also eliminated the preference stock in its offer and responded instead with a $16 increase in the cash component to $91. Still remaining in its offer was a warrant to buy stock in Storer, if an offering were ever made.

The Storer board reviewed the two proposals at its Monday afternoon meeting. Some directors were said to have feared that Comcast, with some preferred stock remaining in its offer, had not eliminated a potential IRS problem. Another consequence of a unfavorable IRS ruling would be that th gain from Comcast's sale of Storer's seve television stations might be taxed at a high rate. "Though none of the lawyers were say ing that we would have a disaster, no or was saying that we would not," according Abiah A. Church, Storer's general couns and secretary, who talked about some of th other reasons the seven directors rejected th Comcast offer.

Church said that Comcast had indicate Peter Storer would be chairman of the Stor subsidiary of Comcast and that all existin contracts with management would be hon ored. But there was some concern that mid dle managers without contracts would fe their positions threatened: "We are talkin about a five- or six-month period befo closing [of the Comcast offer] when peop might be leaving." By contrast, Church sai KKR is not an operating company an would leave Storer's management intact.

Similarly, franchising authorities wou be less likely to scrutinize the KKR transa tion because Storer would "remain intact both management and as a corporate entity the general counsel and secretary said.

Comcast had indicated it could close b Nov. 11, but Church said it was generally fe by the board that the KKR/Drexel Burnha team was more likely to complete its finan ing without hitches: "That is just a judgme call based on the track records of the parti in doing these kind of deals," said Churc Drexel Burnham is a premiere investme banking firm specializing in placing the kin of high-yield, low-grade bonds both sid were proposing to use.

On late Monday afternoon the conclusi the seven directors reached, according Church, was that "there was much less ri involved in the KKR deal all around and th extra dollar or two that might be in it [th Comcast offer] might disappear." As anoth observer of the proceedings said, the KK offer had "the highest chance of putting n dollars in the pockets of stockholders."

In accepting KKR's bid, the Storer dire tors also accepted some new clauses th would make difficult and unlikely anoth challenge to the four-month-old leverage buyout proposal. If turned aside because of higher offer, KKR now has the option purchase either three of Storer's TV statio for $635 million, or roughly half the cab systems for $897 million. In addition these "lock-up" agreements the new agre ment has a "poison pill" provision th would enable Storer to issue an addition 3.5 million shares to KKR at $90 per shar That would add to any would-be suitor's co the difference between its offer and the $ per share KKR paid to Storer. Finally, the is still in the agreement the $1-per-share ca cellation fee (multiplied by 21.2 milli shares) KKR would receive should its off be rejected in favor of a higher bid.

With the decision seeming all but perm