

Fox buys WTXF Philly for \$200 million-plus

Seller, Viacom-Paramount, rumored to be negotiating for Combined's WGBS-TV and WBFS-TV

By Julie A. Zier

The dust is beginning to settle in Philadelphia, where Fox's purchase of Viacom-Paramount's WTXF(TV) last week leaves NBC the likely winner of CBS's WCAU-TV.

The battle for the fourth-ranked market began in July when CBS and Group W, as part of their blanket affiliation agreement, decided to switch Group W's KYW-TV from NBC to CBS.

CBS put its O&O, WCAU-TV, up for sale. NBC, newly unseated from KYW-TV, began to pursue WCAU-TV. Direct competition came from Fox, which hoped to better its position in the market by buying the available VHF.

Instead, Fox will pay \$200 million plus "other considerations" for WTXF, according to a Viacom statement. One industry executive estimates the station's cash flow at \$15 million-\$17 million. The station is a Fox affiliate and will remain so, but Viacom has the option to add the United/Paramount Network as a secondary outlet following its January debut.

A Fox source says the company expects Viacom-Paramount to use the money from the WTXF sale to buy Combined Broadcasting's remaining stations, WGBS-TV Philadelphia and WBFS-TV Miami. The price is said to be \$175 million for both stations. Fox reached an agreement with Combined to buy WGBS-TV last year for \$57 million, but Fox's foreign ownership troubles with the FCC prompted Combined to pull out in the spring.

Combined President Robert O'Conner would not confirm a Viacom-Paramount purchase, but says a special committee of Combined's board is handling any negotiations for

Sagansky joins Sony



Jeffrey Sagansky

Former CBS Entertainment president Jeffrey Sagansky will join Sony Corp. of America as president of Sony Software, a senior management position that will make him a key player in the company's film, music and multimedia operations, but one whose exact responsibilities have yet to be determined.

Sagansky, expected to join Sony by the end of this week, will report to Michael Schulhof, president of Sony Corp. of America. Sagansky will be based in New York.

A knowledgeable source says that top Sony music, film, and multimedia heads will continue to report to Schulhof rather than Sagansky, whose job was described as strategic. "[Sagansky's role] will be to forge new directions and future opportunities for the companies," says the source. "He is not here to replace [Sony Pictures Entertainment Chairman] Peter Guber or [Sony Music Entertainment President Tommy] Mottola or anyone else."

Schulhof apparently decided to hire Sagansky after receiving additional responsibility for North American hardware operations, said the source.

Many were wondering last week whether Sagansky will long be satisfied with a strategic post. "I can't imagine him coming over there for a position that gives him no control over those operations—it doesn't make sense," said one Hollywood dealmaker. Sagansky could not be reached for comment.

Sagansky, who left CBS in April after guiding the network from third to first place, is no stranger to Sony, having earlier headed Sony film studio TriStar Pictures, which he left to join CBS in 1989.

The performance of Sony's entertainment operations has varied. Sony Music enjoyed a banner year in 1993, with revenue up 3.4%, to \$4.9 billion. But sales for the pictures group, which includes TV and film, fell almost 15%, to \$3.2 billion, during the same period. High-profile disappointments in the feature film division include "North," "City Slickers II" and "Last Action Hero."

Television has had a better record. The company's Columbia TriStar Television Distribution syndication division is enjoying a first-run hit in *The Ricki Lake Show* and strong sales for off-network *Seinfeld*. The company's Columbia TriStar Television network production subsidiary produces popular shows *Married...With Children*, *The Nanny* and *Mad About You*. A planned game show cable channel has suffered several delays and the pullout of partner Mark Goodson Productions.

A third division, videogame software producer Sony Electronic Publishing, does not release financial information but has failed to generate any blockbuster titles under the stewardship of division president Olaf Olafsson. "It's not doing very well," says Lee Isgur, managing director at investment banking company Jefferies & Co. Inc. "They are spending a lot of money producing a lot of product, and when the day is over I think we'll see the net product is a loss."

Sony has tried to downplay speculation that Sagansky is joining the company to replace Guber, widely rumored to be considering resigning to become an independent producer. In an announcement a week earlier dismissing reports that Walt Disney Studios Chairman Jeffrey Katzenberg was joining Sony and Guber was leaving, Sony said that Guber had recently signed a new five-year contract.

Sagansky's arrival at Sony would seem to preclude Katzenberg's joining the studio, since it is unlikely he would settle for a position with less influence than Sagansky's.

One task considered a possibility for Sagansky would be to find a minority investor to buy a stake in the company. Sony has privately told investors that it is seeking to sell 25% of its Sony Pictures business. Another possible role for Sagansky would be to create an alliance with one or more Baby Bells to coordinate efforts to develop interactive services. —DT