



# Department of Justice

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**JUSTICE DEPARTMENT CLEARS WALT DISNEY/CAPITAL CITIES/ABC MERGER  
AFTER DISNEY ANNOUNCES PLANS TO SELL LOS ANGELES TV STATION**

WASHINGTON, D.C. -- The Department of Justice's Antitrust Division today cleared Walt Disney Company's \$19 billion purchase of Capital Cities/ABC Inc., after Disney said it would sell its Los Angeles television station, KCAL-TV. Disney's planned sale of KCAL-TV resolves any potential antitrust concerns that could arise from Disney's acquisition of KABC-TV, a Los Angeles television station currently owned by Capital Cities/ABC.

The Department had been investigating whether Disney's ownership of both KCAL-TV and KABC-TV would reduce competition and raise the price of advertising in Los Angeles. Before the Department reached a conclusion on that question, however, Disney advised the Department that it intended to sell KCAL-TV, and that it would maintain KCAL-TV and KABC-TV as separate, competing stations until the sale is completed.

Anne K. Bingaman, Assistant Attorney General in charge of the Antitrust Division, said that "Disney's commitment to sell KCAL-TV ensures that the deal will not harm competition in the sale of advertising in Los Angeles, and makes further action by the Division unnecessary at this time."

To help ensure that this sale takes place, and to protect competition pending completion of the sale, Disney also agreed to a consent decree that would require the appointment of a trustee to accomplish the sale of KCAL-TV. The consent decree would be filed with the court only if Disney:

- Fails to enter into a definitive agreement within nine months to sell KCAL-TV.
- Fails to complete the sale of KCAL-TV within twelve months.
- Fails to comply with hold-separate requirements.
- Seeks authority from the FCC to permanently own both KCAL-TV and KABC-TV.

The Department also said that the deal is subject to any requirements that may be imposed by the Federal Communications Commission. Current law prohibits broadcasters from owning two VHF television stations in a single market, but Disney has filed an application with the Federal Communications Commission requesting a temporary waiver of the so-called Television Duopoly Rule. The requested waiver, if approved by the FCC, would allow Disney to continue to own both KCAL-TV and KABC-TV in Los Angeles temporarily, pending the anticipated divestiture.

In addition to its investigation of Disney's potential ownership of two Los Angeles television stations, the Department also examined all potential competitive effects arising from the transaction, including the possible effects from the combination of Disney's video programming production and distribution business with the programming production and distribution

business of Cap Cities/ABC. The Department concluded that such a combination would not violate the antitrust laws.

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