

U.P.I. Fightso r:0fe ; : In Yet Another Crisis, ::

By ALEX S. JONES

United Press International, the news agency that has stubbornly refused to die despite chronic financial distress, is facing a new fiscal crisis from old creditors demanding that U.P.I. redeem stock they hold, which could cost \$2 million.

The demand could push U.P.I. to seek protection for a second time from creditors under Chapter 11 of the Federal Bankruptcy Code. That, in turn, could cost the news organization many of its remaining customers and finally force it out of business after 84 years.

U.P.I. is under other financial pressure as well. On Sept. 15, an agreement expires under which members of the Wire Service Guild have been working for 80 percent of their normal wages since November.

Estimates of Debt

And one senior executive at U.P.I., who spoke on condition of anonymity, estimated that the news agency had \$8 million to \$10 million in current debt, not counting the \$2 million needed to redeem the stock.

In recent months, Pieter VanBennekom, U.P.I.'s 46-year-old chief executive, has been on a frenzied mission in the United States and abroad to find a buyer or consortium of buyers for the news agency.

On Friday, in a message sent to "Unipressers" around the world, Mr. VanBennekom referred to the situation as "fluid and very complex" and added, "Our efforts have not yielded at this point an agreement with any new owners, though important discussions are under way." Mr. VanBennekom, who has spent much of his 22 years with U.P.I. working abroad, declined to be interviewed.

Last week, Editor & Publisher magazine, a trade publication for the newspaper industry, identified the Toronto Sun Corporation as a possible participant in a plan to acquire U.P.I. The company's chairman, J. Douglas Creighton, said Friday that he was "very interested in seeing U.P.I. continue," but that "we're not able to be a substantial player" and would participate in a buyout only if a big investor took the lead.

Value of Agency's Assets

Executives familiar with the sales effort who spoke on condition of anonymity said Mr. VanBennekom was trying to interest prospective buyers in joining a group called Worldwide Media Investors, which would acquire U.P.I.'s assets, rather than the company's stock.

The assets of the company at this point consist mainly of its familiar name, employees and stringers who give it a worldwide newsgathering

A tenacious news agency is squeezed by competition.

ability, and contracts with roughly 1,800 customers.

The executives said that should U.P.I. enter bankruptcy without buyers at hand for those assets, the prospects of survival would be slim.

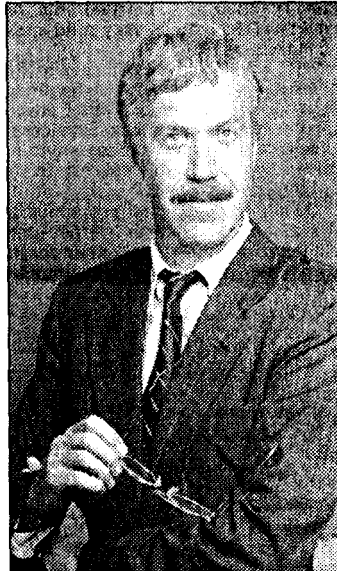
U.P.I.'s worldwide staff of full-time employees has shrunk to about 450 from roughly 1,600 since the company was acquired in 1988 by Infotechnology Inc., which itself filed for

A \$2-million bill may lead to a rtw bankruptcy.

But the number of customers who subscribed to U.P.I.'s full array of services has steadily diminished, and there is no money available to develop new services. In a particularly painful blow, the American Football Coaches Association announced in June that USA Today would replace U.P.I. in conducting its weekly poll-ranking college football teams.

Though U.P.I.'s epitaph has been written repeatedly in the last decade, it has survived, largely because of the tenacity of its staff.

"I have a fondness for U.P.I.," said Gerald L. Warren, editor of The San Diego Union, who added that he takes every news service that U.P.I. offers



Mike Theiler for The New York Times

Pieter VanBennekom, U.P.I.'s chief executive, has been seeking a buyer for the news agency.

because he believes The Associated Press needs competition.

But competition from A.P. and a host of supplement news agencies, including the Washington Post-Times News Service and The New York Times News Service, has squeezed U.P.I.'s revenues.

In 1985, U.P.I. filed for Chapter 11 bankruptcy with liabilities in excess of \$40 million owed to more than 300 creditors.

U.P.I. emerged from bankruptcy in 1986, and its reorganization plan included issuing creditors 100,000 shares of stock that U.P.I. said it would redeem on demand after June 11, 1991, for \$20 a share. Redeeming all the stock would cost \$2 million.

The Creditors' Position

Dennis M. O'Dea, a lawyer from Keck, Mahin & Cate in Chicago who represents the creditors, said he notified U.P.I. two weeks ago that the creditors wish to redeem 56,000 shares, and he estimated that creditors would probably seek redemption on 26,000 additional shares, or even all of them.

He said that U.P.I. had

Prompted by Stock Dispute, U.P.I. Files for Bankruptcy

By ALEX S. JONES

United Press International filed for protection from creditors under Chapter 11 of the Federal Bankruptcy Code yesterday in United States Bankruptcy Court for the Southern District of New York.

The news agency's petition, which had been expected, said that it had approximately \$65 million in liabilities and \$22 million in assets, and that there were about 4,000 creditors.

Pieter VanBennekom, president of the news service, said U.P.I. would continue to operate during the bankruptcy and would search for a buyer.

The news agency, which was in Chapter 11 bankruptcy from 1985 to 1986, has steadily lost customers in recent years but still delivers news to about 2,500 newspapers and broadcast outlets worldwide.

Prompted by Stock Dispute

Creditors from the earlier bankruptcy were given 100,000 shares of U.P.I. stock, which were to have been redeemable after June 21, 1991, for \$20 a share. U.P.I.'s decision to re-enter bankruptcy was prompted by the creditors' efforts to force the news agency to redeem the stock.

"Today's step could spur discussions under way or newly opened with prospective owners or venture partners," said Mr. VanBennekom in a statement, adding that no buyer was close to a deal.

Mr. VanBennekom has declined to name any of the prospective buyers, but the Toronto Sun Corporation, the Press Association for Great Britain and Milton R. Benjamin, a former president of U.P.I. who heads a Washington consulting firm, have all been identified in news reports as indicating interest in acquiring the news agency.

An executive at U.P.I., who spoke on condition of anonymity, said the news service had annual revenues of about \$35 million and is now operating at a break-even level.

U.P.I. is owned by Infotechnology

Inc., which filed for Chapter 11 bankruptcy in the spring. About half of U.P.I.'s debt is owed to Infotechnology or other associated companies.

H. Sean Mathis, a consultant to the shareholders of Infotechnology, said U.P.I.'s bankruptcy would be consolidated with that of Infotechnology and Financial News Network Inc. The former owner of the Financial News Network, Infotechnology owns a big stake in Financial News Network Inc.

IUPI enters bankruptcy 2nd time

Francis Townsend

2/6 Jr

WASHINGTON-United Press International filed for bankruptcy court protection Wednesday, but the 84-year-old news service said it plans to continue worldwide news coverage while looking for a buyer.

The Chapter 11 petition filed in New York is the troubled company's second trip to U.S. Bankruptcy Court. UPI went through one Chapter 11 reorganization in 1985 and 1986.

UPI said it has assets of \$22.7 million and liabilities of \$65.2 million, owed to about 4,000 creditors. Its owner since 1988, Infotechnology Inc., has been operating in Chapter 11 since earlier this year.

"We plan that UPI's current operations will continue normally during reorganization planning," UPI President and Chief Executive Pieter VanBennekom said in a statement. "We do not expect the process to impede talks with any qualified purchasers or investors."

UPI's return to bankruptcy came after creditors demanded redemption of \$2 million in stock they were issued in the company's first reorganization.

UPI said its board voted Tuesday to make the Chapter 11 filing, which permits it to stay in business, fending off creditors while a judge supervises the company and its debts.

VanBennekom acknowledged in a message sent to UPI employees Friday that no deal for new ownership has been established. Toronto Sun Corp., the Press Association of Great Britain and Milton R Benjamin, a former UPI president who is now a Washington consultant, have been named in news reports as having some interest in acquiring UPI.

Since last November, UPI employees have agreed to reductions of 20 to 35 percent. The agreement for these reductions expires Sept. 14.

UPI, founded in 1907, said it has 586 employees in 140 bureaus in the United States and abroad. This figure is down from a reported 1,600 before its purchase by Infotechnology in 1988.

U.P.I. Planning to File for Bankruptcy Protection Today

N.Y. Times 8/21/91
By ALEX S. JONES

The chief executive of United Press International said yesterday that the troubled news agency would file in New York today for protection from creditors under Chapter 11 of the Federal Bankruptcy Code.

Pieter VanBennekom, U.P.I.'s chief executive, said that the news service would continue to operate as usual and that the filing was a way to resolve debts of approximately \$50 million that had hindered efforts to sell the company.

"There is strong and sustained interest on the part of several groups outside and inside the news business," he said. "But certain issues from the past - liabilities - make many serious organizations hesitant to come forward."

Thousands of Clients

The 84-year-old news agency has steadily lost clients in recent years in

the face of competition. It spent a year in Chapter 11 in 1985 and 1986.

Despite frequent predictions that U.P.I. could not survive, its staff of about 450 full-time and 2,500 part-time employees still gathers news that appears in about 3,000 newspapers and broadcast stations worldwide, generating annual revenues of about \$35 million.

Mr. VanBennekom declined to name any of the prospective buyers, and said that negotiations were not near completion with any buyer.

The Toronto Sun Corporation, the Press Association of Great Britain, and Milton R. Benjamin, a former president of U.P.I. who heads a Washington consulting firm, have been identified in news reports as having some interest in acquiring the news agency.

U.P.I. is owned by Infotechnology Inc., which filed for Chapter 11 bankruptcy in the spring, and about half of U.P.I.'s \$50 million debt is owed to

To attract a buyer, \$50 million in debt must be resolved.

Infotechnology or other associated companies.

Sean Mathis, a consultant to the shareholders of Infotechnology, said that U.P.I.'s bankruptcy would be consolidated with that of Infotechnology and Financial News Network Inc., the former owner of the Financial News Network, which it sold. Infotechnology owns a big stake in Financial News Network Inc.

Breakdown of Debt

Mr. VanBennekom said that about \$10 million of U.P.I.'s debt is in current payables, \$3 million in liabilities

remaining from the previous bankruptcy, and \$10 million is associated with litigation and other payments that are in dispute.

Another \$2 million in debt comes from the earlier bankruptcy settlement in which creditors were issued 100,000 shares of stock that U.P.I. committed to redeem upon demand for \$20 a share after June 11, 1991.

Two weeks ago, the creditors notified U.P.I. that they wished to redeem a significant part of that stock. Mr. VanBennekom said the notification was the catalyst for filing for bankruptcy. But he said that he had concluded that a bankruptcy filing was necessary in any event before a buyer could be attracted.

He said the news agency was now operating at approximately a break-even level and could continue to do so as long as revenues did not significantly decline and creditors could be held at bay.