

Radio Business Report™

Voice Of The Radio Broadcasting Industry®

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Former host files with EEOC

Former Beasley WPOW-FM Miami morning host **Bo Griffin** (44) has filed a complaint with the EEOC, claiming she was fired because of her age. She was replaced by a 30 year old, Al B. Sylk. A recent Miami Herald article mentioned the station's PD, **Kid Curry**, saying the station's staffers were getting older and older and no longer being able to identify with their audience. —CM

ABC Radio and Belo partner in Dallas

ABC Radio's WBAP-AM Dallas has struck a news and content sharing deal with Belo's WFAA-TV and The Texas Cable News in Dallas. —CM

Chuck Bortnick now COO

Chuck Bortnick, President/COO of Westwood One's Metro Networks/Shadow unit, will be upped to include the Westwood One COO title 7/1. He will be based in NY and report to Westwood One President/CEO **Joel Hollander**. —CM

Dielectric scores group deal

Cumulus recently signed a Preferred Customer Agreement with Dielectric, to be its group-wide exclusive supplier of antennas, transmission line and RF systems. —CM

Format switch in Johnstown

Classic Hits WHPA-FM Johnstown, PA has switched to Alternative as "The Point 93.5." —CM

Earl Jones named GM

Clear Channel Radio RVP **Dave Pugh** announced 6/10 that **Earl Jones** has been upped to GM for Clear Channel's Urban WJLB-FM and Urban Adult Contemporary WMXD-FM in Detroit. —CM

Maitino new Katz VP

Katz Radio has given VP stripes to **Kathleen Maitino**, who's been manager of the rep firm's Boston office since 1999.

"Kathleen has done a sensational job the last few years managing the Katz Radio Boston office," said President **Mark Gray**. —JM

The End of the Big Mac

With Hispanic Broadcasting Corp. (N:HBC) CEO **Mac Tichenor** and family announcing the merger to Univision (N:UVN), the nation's largest Spanish TV company (6/12).

UVN is getting into radio—and in a big way with HBC lock, stock and enchilada for \$3.5B in Univision stock—or \$2.9B if you prefer to use the value of the deal after investors sold off Univision shares. The exchange rate is fixed—HBC shareholders are to receive 85% of a Univision share for each HBC share.

The Big Mac started the conference call to our ears on a somber tone, "My family's been in the radio business for over 50 years and we couldn't have found a better partner than Univision to keep us growing and successful for the next 50 years," said Tichenor. "...remain based in Dallas, where no changes are expected in our management."

Univision Exec. VP **Andy Hobson** was upbeat, to be expected, "We expect the transaction to be consummated by year end and we expect that we will have no regulatory impediments which will unduly delay the transaction", he said in a conference call with Wall Street analysts. (Publicity-shy Univision CEO **Jerry Perenchio** was noticeably absent from the call.)

The day the deal was announced (6/12), HBC shares closed up \$1.55 (6.3%) at \$26, while Univision shares fell \$5.84 (15.5%) to \$31.86. (See **RBR** daily Email 6/12 and listen to the conference at **RBR.COM**)

RBR observation: Now the Big Mac will Super Size but **NO** regulatory impediments? What planet is Hobson living on? We agree that the Hispanic market place is the fastest growing growing at a 7X multiple to the tune of \$3.5Billion annually.

Analysts tried repeatedly to get Hobson to explain how UVN is going to deal with its 32% stake in Entravision (N:EVC), which has numerous market overlaps (both radio and TV) with HBC. But all he would say is that there's nothing that can't be dealt with—and he likened Univision's stake in Entravision to Clear Channel's (N:CCU) 26% stake in HBC. (Clear Channel will wind up owning 7% of Univision and has agreed to vote for the merger. **Hello Again**—here is CCU and remember last week with Lowry talking about size (**RBR Observation** 6/10).

The problem is, Univision's stake in Entravision isn't like CCU's HBC stake at all. CCU's shares are non-voting—except that it gets to vote on the sale of the entire company, as in this case—and there are no management ties so that HBC's stations aren't attributable to CCU at the FCC.

But Univision's stake in Entravision is fully attributable—as regularly reported to the FCC by both companies. And Univision has two of its people on Entravision's Board of Directors. Hobson has to know that—he's one of them! The other is **Michael Wortsman**, Co-President of Univision Television.

Univision could try now to do what CCU did and create barriers to make its Entravision stake non-attributable. The problem there is the DOJ—even under a Republican administration. CCU and HBC set up their arrangement long before the DOJ took an interest in radio mergers. But when HBC wanted to buy some of the stations being spun off in the merger of CCU and AMFM, the DOJ said no—the companies were too closely related. And there was a distinct implication that the DOJ's antitrust watchdogs felt they'd dropped the ball years earlier by not opposing the CCU/HSP arrangement. Getting a similar deal approved now won't be easy—and you'd have to sell the story to both the FCC and the DOJ this time.

Finally putting the nation's largest Spanish radio group into an Hispanic-run company may blunt some of the Democrats' concerns on Capitol Hill about media consolidation, but there's no way **Michael Powell & Co.** are going to let a 14-station radio superduopoly slip by unnoticed in Dallas. —JM (RBR highly recommends you listen to this conference call at **RBR.COM** ASAP and judge for yourself.) See page 6 for a market-by-market breakdown of this proposed Hispanic broadcasting colossus.



Mac Tichenor

Get Ready to Rumble: SBS lawsuit sends CCU shares plunging

The Univision deal was the last straw. After years of having Spanish Broadcasting System (O:SBSA) cast as "the other Hispanic radio company," **Raul Alarcon** had apparently had all he could take when rival Hispanic Broadcasting Corp. (N:HSP) announced its \$3.5B deal to be acquired by Univision (N:UVN). SBS had been working on an antitrust lawsuit against HBC and its part-owner, Clear Channel (N:CCU). The sale announcement made Alarcon pull the trigger—and he used a big gun, retaining super-lawyer **David Bois** to represent SBS. (Bois kept Microsoft from being broken up, but he couldn't win the White House for **Al Gore** at the Supreme Court.)

Word of the lawsuit sent Clear Channel's stock price plunging 6/12. It fell \$3.91 (7.9%) to \$45.89. But Wall Street also punished SBS, whose own stock fell 99 cents (7.9%) to \$11.51.

SBS' long list of grievances is detailed on page 3, as is Clear Channel's denial of any wrongdoing. (Also see **RBR** daily Email 6/12) **RBR observation:** This is definitely a steel-cage grudge match that won't be easily settled out of court. Alarcon has been frustrated for years at having to compete against both a larger Spanish radio company and the largest radio company of them all.

Do or Did CCU and HBC work in tandem against SBS? They deny it, but Alarcon is convinced that they do or does—and he believes he has evidence to prove it.

If the ultimate goal of CCU and HBC was to buy out SBS—as the lawsuit alleges—it appears they just didn't ever offer a big enough check. Like many other group owners, Alarcon has been talking to potential buyers off and on for years. We'd heard that he was close at one point to a deal to become part of Viacom (N:VIA), which has been shopping for a Hispanic media wing. But having HBC become an even more formidable competitor by teaming with Univision could make it even harder to get a premium price for SBS. Alarcon has a lot to gain if he can break up this deal. This is one fight after Lewis & Tyson that we would buy on Pay-Per-View! —JM

Yo, Urban just got hotter

Show me the money is exactly what Westwood One (N:WON) did with Black Entertainment Television (BET), by creating BET Radio Network—set to launch 7/8. This furthers the strategy of Viacom (N:VIA) to leverage their programming assets across all the platforms. Last week it was Country with the CMT Radio Network (**RBR** 6/10/02) and this week Urban.

So, WW1 CEO **Joel Hollander** has left no stone unturned with Urban since he had zip in programming to offer Urban affiliates. "This is a big growth area and moving forward..." Hollander said. The BET net will offer affiliates exclusive access to BET talent, show prop, audio cuts and news and information. (see **RBR** daily Email 6/12)

RBR Observation: Everyone wants to become Urbanized. There is money there. Some are born with a silver spoon in their mouth and we believe the Zen Master Karmazin was born with a money clip. He knows how to drive revenues and knows agencies will be buying more Urban product. Just ask American Urban Radio Network (AURN). AURN kicks ass and take names from programming to advertisers and even going direct to clients.

WW1/BET won't have an easy walk in the park here against **Jay Williams** and company (or ABC's Urban offerings). This fight, unlike Lewis and Tyson, will go the distance. One strong point for WW1 is that while it may be Westwood's first foray into Urban, it's not Hollander's. He did sales for WBLS-FM and WRKS-FM NY (Retail Sales Mgr.) from 1980-1986.

One very good thing is the Urban advertising pie just got a whole lot bigger. —JC



THE
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Olivia Fox
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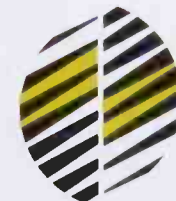
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RADIO NEWS®

Community service tally: \$9.9B

Broadcasters gave back more than ever before to their communities, according to the NAB's latest tally of community service air time. The NAB's industry census found that in 2001 radio and television stations generated a record \$9.9B in public service, beating the previous record of \$8.1B set in 1999 (the survey is conducted every other year). That total includes both airtime donated for PSAs and money raised by stations for charity and disaster relief. \$1B of the total was directly attributable to 9/11 relief efforts.

Radio was the big contributor with \$7B; television's share was \$2.9B. "The census confirms again that local, over-the-air radio and television stations are collectively the number one provider of public service in America," said NAB President **Eddie Fritts** in announcing the census results.

RBR observation: We keep hearing from Capitol Hill that broadcasters have forgotten their responsibility to serve the public interest—but the public service tally keeps growing. Congress isn't getting the message—or perhaps they just don't want to hear. These facts would just get in the way of their plans to steal air time from broadcasters so they can spend more of their campaign money on private planes, expensive pollsters and dirty-tricks consultants.—JM



Morris new NAB Radio Board Chair

Virginia Hubbard Morris of Hubbard Radio in Minneapolis has been elected Chairman of the NAB Radio Board. She's the first woman to head the



Radio Board. **Steve Newberry** of Commonwealth Broadcasting Corp. was elected Vice Chairman.

Suleman still has Westwood stake

Farid Suleman has shifted his portfolio—selling \$4M of Westwood One (N:WON) stock to pay for his \$4M investment in Citadel Communications (RBR 6/10, p. 1). That was all of the WW1 stock that Suleman owned outright, but contrary to what you may have read elsewhere, he still has a substantial interest in the radio network company.

Suleman, who was CFO of WW1 for many years, still has stock options for 1.42M WW1 shares. As of the end of 2001, WW1 estimated that Suleman's in-the-money and exercisable options were worth \$22.1M and that those not yet exercisable were worth \$5.8M.

Although he's no longer employed by WW1, Suleman was re-elected as a member of the Board of Directors on 5/29.—JM

Dirty trick draws \$3.2K fine

Here's a funny gag—have someone go to your competitor's station with a cell phone. Have a tape recorder running to find out what happens when the visitor hands his phone to the other station's DJ and he finds that he's talking to his competitor. Then play the call back on the air.

Not very clever—and an obvious violation of FCC rules.

Results Radio, licensee of KHRD-FM Weaverville, CA essentially pleaded guilty. It admitted that one of its DJs played the joke on a competitor at KRRX-FM Redding, CA, despite having informed its staff of the FCC requirement that they obtain permission before recording or broadcasting a phone call. The FCC has fined the station \$3.2K.—JM

Mays boys take out some cash

Mark and **Randall Mays** have been converting some of their Clear Channel (N:CCU) stock to cash. President and COO Mark reported to the SEC that he sold 18.5K shares on 5/20 for \$959,225. CFO Randall made an identical sale. Both transactions were handled by Merrill Lynch.—JM

Sirius, XM withdraw interference objections

CNET reports Sirius and XM have withdrawn their objections to potential interference from wireless computer networks. The satellite broadcasters had previously asked the FCC to consider tougher controls on 802.11 "WiFi" networks, which use a part of the spectrum adjacent to their services.—CM

Washington Beat

Sinclair wants changes in Norfolk

Sinclair Telecable has presented the FCC with a proposal to flip frequencies and cities of license for two of its Norfolk market stations: WROX-FM 96.1 FM, a Class B presently licensed to Cape Charles, VA, would change city of license to Exmore, VA as a class B. Its present WROX simulcast signal on 106.1 (WEXM), licensed to Exmore has with a CP to become a class B. It would move to nearby Bell Haven, VA as a full class B. The moves would push WROX slightly and east but would reduce shortspacing. The 106.1 signal would not change location.—CM

FCC opening a forum on WFUV tower move

The FCC's Audio Division is holding open meetings on 6/27 to discuss how best to minimize any environmental damage from Fordham University's proposed WFUV-FM tower move to the New York Botanical Garden. The FCC determined there would be an adverse impact on the registered historic site, and so far Fordham responded by proposing reducing the tower's height to 380 feet.—CM

Detroit pirate gets \$10K fine

And the hits keep coming...The FCC has delivered its second \$10K fine to a pirate in as many days. After failing to respond to a commission inquiry concerning his alleged operation of an unlicensed FM station at 88.3 MHz, **Thomas Brothers** of Berkley, MI got the notice. He has 30 days to pay the fine, and failure to pay may result in collection action from DOJ.—CM

Infinity guilty without trial...Tuff

Says FCC's Enforcement Bureau Chief **David Solomon** and slapped Infinity's **Opie & Anthony** (O&A) with a \$21K fine. The slap stems from the FCC indecency cops responding to complaints filed by one listener back in November 15, 2000 when O&A, on WNEW-FM NYC, played "Teen Week," in which a young girl is depicted as performing oral sex on her father. And there are other explicit details from that and two other O&A broadcasts, but RBR won't bore or make you blow your lunch with them.

Viacom/Infinity (N:VIA) argued that the material from November 2000 complaint was not indecent and another complaint filed without tape back up by the listener should be dropped. Bottom line: Tuff. —JC/CM (See RBR daily news Email 6/7)

RBR Observation: Opie & Anthony...Where's Andy, Barney, and Aunt Bee when you need them? Or are we seeing The "Zen Master" Karmazin using the FCC for the \$21K lunch tip to promote his product? It worked for **Howard Stern**. It was then FCC Commissioner **Jim Quello** who went head to head with Stern. Good for Stern and, come to think of it, good for Quello too.

Here's the bottom line: This helps to brand these two delinquents as the "New Bad Boys of Radio." Stern just ain't cutt'n it anymore. It is kinda like when records were getting The **Tipper Gore** stamp of disapproval. Created controversy, brought attention to kids that these were "cool - off limits" records. Don't necessary agree with the Zen Master's possible strategy...we just write about them.—JC

New Format

RBR Source Guide Group Directory

The RBR Group Directory is the easiest way to get all the facts plus insights about all the radio groups. You will get up-to-date information about each group's corporate structure, stations they own, formats in each market and key contact people (including mailing location and email addresses along with fax/phone numbers).

Reserve your RBR Group Directory today for the pre-publication price of only \$89. Each additional copy is only \$32, so everyone in your company can have their own copy.

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NABO, NAN may go to GM with unresolved XM issues

100+ NABO/NAN organizers and concerned citizens gathered outside XM Satellite Radio's (O:XMSR) HQ in DC (6/6) as representatives of the National Association of Black Organizations (NABO) and the National Action Network (NAN) expressed their dissatisfaction after meeting with XM execs over what it says is a failure to provide value-positive programming for African-Americans.

The issue was also over the fact that XM said it wouldn't carry Religious net "The Word" because of its exclusive deal with Radio One for Urban programming. The Rev. **Al Sharpton** concluded that XM's programming to the African-American community "glorifies the cultures of violence, drugs and female debasement."

Charles Robbins, XM Director of Corporate Communications, released a statement last week that included the following: "We have informed NAN that we currently have a programming partnership with DC-area based Radio One, the nation's largest African-American owned radio company, which programs five channels including Spirit, the first national 24-hour-a-day, seven-day-a-week Gospel channel, and The Power, the first national African-American talk channel, featuring Joe Madison, DC's own "Black Eagle."

NABO and NAN said their next step may be to ask GM to stop offering XM as an option in its cars.

RBR observation: Maybe NABO and NAN should contact Radio One's attorneys on this. If Radio One will sign off on XM adding "The Word," maybe XM will consider it. Meanwhile, XM's exclusive agreement with the broadcast group is likely binding. —CM

PPM to be tested in Latin America

Arbitron and IBOPE Media Information announced 6/13 an agreement to cooperate in the testing of Arbitron's Portable People Meter (PPM) technology in Latin America. This exclusive agreement will give IBOPE access to operational data from Arbitron's US market trial. IBOPE and Arbitron will work jointly with radio and television broadcasters, advertisers and advertising agencies to help them evaluate the PPM technology. The two companies will also cooperate in an effort to introduce the PPM into a number of Latin American countries.—CM

More detail on Hubbard's Female Talker in Minneapolis

Hubbard's Minneapolis WIXK/KFMP-FM has launched. The lineup: Democratic politician and WNTK/Lebanon, NH midday host **Deb (Arnie) Arnesen** in mornings, **Ian Punnett** 8-11a, premiere's **Suze Orman** and **Dr. Laura** in middays, "Bodyperks" silicone implant gurus **Lori Barghini** and **Julia Barghini-Cobbs** in afternoons, sister ABC affiliate KSTP-TV anchor **Haris Faulkner** for 6-8p, Wor Radio Net's **Dr. Joy Browne** 8-11p, and Cox/JRN's **Clark Howard** at 11p. —CM

Rudy and Tom praise broadcasters

Former New York Mayor **Rudy Giuliani** became a national hero for his leadership in the aftermath of the 9/11 terrorist destruction of the World Trade Center towers. But as Giuliani accepted the NAB Education Foundation's Service to America Leadership award on behalf of the citizens of New York, he had praise for the broadcasters who risked their own lives on 9/11.

"They helped us to communicate that day. They never withdrew, they never backed off. They were doing their job and it was an enormously important one," Giuliani said of the radio and TV reporters who were at ground zero alongside the police, firefighters and emergency officials. They were the ones who got the word out to Manhattanites to evacuate locations that were in danger and told them where they could find safety. "Maybe we wouldn't have saved as many if they hadn't done that," the former mayor noted.

As featured speaker at the all-day (6/10) NABEF Service to America Summit, President **Bush's** Homeland Security Advisor, **Tom Ridge**, also had praise for how broadcasters nationwide dealt with 9/11.

"Many of your stations offered 24-hour coverage in the days following the attacks. And in doing so, you accepted the reality of lost ad revenues at a time when advertising was already scarce. No matter the cost, you continued to get the news out," he said.

Ridge noted that broadcasters face a new challenge now that the homeland security focus has shifted away from the drama of 9/11. "In many ways—many, many ways—this is a much more difficult story to report. It doesn't have very good sound or visuals. It's complicated. There are a lot of gray areas. There aren't too many photo opportunities. It can be under-reported, breeding false confidence, or over-reported, stoking unnecessary fears," Ridge said.—JM



Tom Ridge

The case against Clear Channel

Spanish Broadcasting system's (O:SBSA) federal lawsuit (see page 1) charges Clear Channel (N:CCU) and Hispanic Broadcasting (N:HSP) with working together to crush the number two Spanish radio group. SBS is accusing HBC and Clear Channel of interfering in its business in numerous ways—taking actions which SBS claims have adversely affected SBS' ability to raise capital, depressed SBS' share price, impugned the reputation of SBS, made station acquisitions more difficult and interfered with SBS' business opportunities and contractual arrangements. The suit charges that the ultimate goal was for Clear Channel and HBC to acquire SBS and eliminate it as a competitive threat.

Here's the laundry list of SBS' allegations:

1. In the summer of 1999, when SBS's initial public offering was being readied for market, **Randall Mays**, Clear Channel's Chief Financial Officer, called two of SBS's lead underwriters [Lehman Bros. and BT Alex. Brown] to attempt to get them to withdraw from the offering.
 2. After the initial public offering, Clear Channel and HBC sought to depress the SBS stock price by limiting or eliminating coverage by leading securities analysts through similar, continuing threats to withhold Clear Channel and/or HBC business from the analysts' employers.
 3. Clear Channel and HBC improperly induced significant institutional investors to divest their positions in SBS, depressing SBS's stock price.
 4. Clear Channel and HBC attempted to keep SBS from acquiring radio stations, engaged in bidding wars solely for the purpose of increasing SBS's costs in acquiring those stations and tortiously interfered with transactions under contract.
 5. Clear Channel and HBC attempted to injure SBS by inducing employees under contract to SBS to breach their contracts and work for Clear Channel and/or HBC.
- Clear Channel injured SBS by inducing Katz Hispanic Media to breach its long-term contract as SBS's national sales representative in order to become HBC's national sales representative.
6. Clear Channel has "parked" stations that it owns with other companies in order to circumvent Federal Communications Commission ownership limitations. This practice recently lead Congressman **Howard Berman** to seek Department of Justice and FCC investigations and House Judiciary Committee hearings on this subject.
 7. The involvement of Clear Channel in the foregoing demonstrates that it has acted and continues to act for, and has controlled and is controlling, HBC in a manner that is inconsistent with representations made by it to the FCC concerning its ownership interest in HBC.
 8. Clear Channel has leveraged its market power in radio and other areas of commerce (including venue promotion, advertising and outdoor displays) to benefit Clear Channel and HBC and to harm SBS.

An SBS spokeswoman confirmed that the filing of the lawsuit was prompted by the plan to merge HBC with Univision.—JM

Clear Channel denies wrongdoing

"Clear Channel Communications has always operated its businesses—and continues to operate them—fairly, honestly, legally and with the highest standards of ethics," the company said in response to the SBS lawsuit.

"These charges are false and we will, as we always do with frivolous lawsuits, fight vehemently to defend our position and we have every expectation of winning on all counts. The charge that Clear Channel interfered with SBS's ability to compete fairly is absurd and unfounded," said CEO **Lowry Mays**.

HBC has also denied the allegations, but didn't issue a formal response.—JM

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Report from the trenches:

How to grow radio in 2002

Many leading economic indicators are pointing toward signs of recovery and while most experts agree we've turned a very important corner, many questions still remain: How long it will take? What kind of a recovery will we see? Will it be soft? Will current events affect our fragile forward momentum? And just as important, what sales strategies will help your station and your advertising clients emerge on the leading edge?

The Radio Advertising Bureau, in cooperation with *Radio Business Report*, took this question to RAB's Small Market Advisory Committee (SMAC). With representation from all regions of the country, SMAC meets twice a year to help guide and advise RAB on issues effecting market broadcasting.

We asked members of SMAC, "What has your station done to survive difficult economic conditions and help accelerated your recovery?" Here are their responses:

You know the old adage, "Good times mask poor performance." Perhaps the converse is also true, "Bad times reveal great performance." This is a terrific time to help our advertisers develop market share...and for radio marketers to expand their customer base, as well.

On every call someone persuades someone of something. Let's make sure that our retailers don't convince us that we can't generate retail traffic. Nevertheless, our jobs have become more challenging. Here are a few ideas to keep selling more advertising.

1. Maintain your sense of humor.

Fluid minds provide unique ideas. Remember, the *Wall Street Journal* reported the radio business grew 17% in 2000. So, we "have a lot of hay in the barn." Lighten up, things will improve.

2. Manage retention first.

Set the glue on your existing account base with exceptional service. Don't place prospecting as a higher priority than re-selling and up-selling. Hold brainstorming sessions with advertisers to be a problem-solver.

3. Develop hot recession sales categories.

Used auto, RV's (one tank vacations), hotels (weekend getaways), home improvement, auto parts, tire dealers, temporary services, technical colleges, real estate schools, even counseling services are some to target.

4. Stand by your high standards.

Sell plans with high frequency. Don't just "get an order." Sell long term plans as well. Recessions rarely last more than one year. Build branding, repeat business and retention with consistent marketing plans.

Overall, do what we know how to do. Do it longer, smarter, better than ever...and we'll emerge from this "softer economy" with a larger share of the advertising pie. 10% sounds good to me.

Mike O'Brien

Bliss Communications
Janesville, Wisconsin



Since a product is bought the way it is sold, keep selling long term, and fight the merchant's urge to look (and buy) short term. This also keeps your AE's on track, doing what made them successful in the first place, selling long-term base billing. It is good for the client too, because it helps them get TOMA [top of mind awareness].

Train. Train. Train. Three groups can train your sales staff: advertisers, competitors or us. Choose us!

Talk to your advertisers about the amount of business that will be done...not the five or 10% that won't. Get RAB's Instant background, go to the business trends section and look for the US Department of Commerce numbers indicating month-to-month business trends.

Next, get *Sales and Marketing Management's Survey of Buying Power* (released in August or September). It contains your county's share of the national economy. Multiply the national number by your county share to get your annual county number. Then, use the Department of Commerce business trends to calculate how much business will be done during the month in question. Share the results with your clients.

Lastly, focus on clients, not radio. If we 'package' our inventory, cut the price and hit the streets to sell a lot of packages, we're focusing on us. But if we continue to help meet client objectives, ask a lot of questions and do a lot of customized presentations, we talk about the client. While you're at it, take your clients lots of ideas, good copy and positive news about what's going on in your market.

Mark A. Trotman, CRMC

KHUT-FM
Hutchinson, Kansas

The primary difficulty with agency business is that we cannot get to the key decision-makers.

When the decision-maker is approachable, logic will take over. Not a strong pitch for the radio station or radio. Instead, a logical description of winners and losers and greed.

Winners go all out to win. Losers pull back to ride out what they see as "still another time when I lose," as they have all their lives. Do winners do foolish things? Not at all. That's why they are winners—because they think logically and then "take chances on sure things." They learned long ago that advertising moves things. They learned that helpful assertive sales clerks move things. Passive people don't do much in a down or average economy.

If you talk logic with a winner,

you will come out with a sale.

Sure, you have to make the package attractive and inviting. Does that mean that you need to cut the price? Perhaps. Retailers do it, not to haggle, but as a sales inventive, to move merchandise now, not next fall.

Listen to the pitches on all-night cable. They talk about benefits, benefits, benefits. When you are sold, they throw in something else to clinch it now.

As a sales manager, do you have something extra you can add to sweeten the pot?

Years ago, a men's clothing store owner told me about two shirt salesmen who called on him, both from nationally known brands. The first one stopped by and made his normal presentation.

The next day, the other one came in. The second seller had a special premium: three dozen ball point pens. In the mind of this retailer, the shirts were of equal quality and value. So, which did he buy? The clincher was the pens.

The incentive did the selling.

Logic and greed.

Greed means that your client wants to get his "unfair share," and not stand there while the competition cleans up. Greed is a wonderful ally for you in talking logic to a prospect.

Cary Simpson

Allegheny Mountain Radio Network
Tyrone, PA



At EBC, we have taken a lot of case history information to our advertisers—showing who won and who lost their market share during previous recessions. Case after case shows success to the business that kept their advertising budget intact and/or increased it while others were pulling in their horns.

We've also turned up the number of spec commercials taken out to our advertisers, based upon the rules of correct copy writing procedures outlined in the Certified Professional Copywriters course from RAB and Dan O'Day.

Finally we have given a lot of success stories about businesses

that advertised during tough economic times to our AE's. At our sales training sessions, the AE's present the information to each other. You have to sell the seller first!

Jerry Hinrikus

EBC
Salina, Kansas

It's back to the basics. We are conducting a need analysis and following up with a presentation addressing the client's specific needs. We're also going back to good spec tapes.

Michael Oppenheimer

Clear Channel Radio
Waco, Texas

Know your client and what they spend on marketing, not just advertising. Make sure your staff knows the difference.

Don't just focus on the "radio budget." All too often it's the smallest part of a client's advertising budget.

Never say the words "economically depressed times." Give your news people a knock on the head every time they mention it.

Talk about "the \$400 swing." Your client and a competitor are vying for the same \$200 sale. If the competitor gets it, he gains \$200 and he takes \$200 from your client. How many sales can your client afford to lose?

Lastly, if the client thinks things are really bad, suggest he only open on Friday, Saturday and Sunday to save on overhead. Put the savings into marketing on the three days he is open to really drive sales. He'll either bounce you out on your ear or look at you like you were a genius. (I've had both happen!)

Mark D. Levy

"Emperor Of Change"
Fayetteville, Arkansas

This is the toughest question to answer, and there is no *one* great solution. The only thing we can say is, constant one-on-one client contact with LONG-term sales as the goal.

Much like the stock market, people have to use radio as a long-term solution. Much like the stock market, people who try to get rich quick usually fall short or fail completely. Long-term planning helps the LONG-TERM goals of the advertiser. Getting the sales department "in the client's business" is the only way to grow these goals and trends.

We've also focused on "Value Added" sales. We offer direct clients opportunities to be a part of on-air promotions like trip giveaways, cash prize contests, sponsorship of specific program elements, etc. We do this most of time anyway, because in our small markets we do not rely on Arbitron numbers to justify sales. Our clients have their favorite promotions they buy each year, regardless of the economy. We package most everything. We even offer clients a choice of four promotions a year and build it directly into an annual contract.

Mike Overton, CRMC

Kommerstad Communications
Brainerd, Minnesota

We have stressed to our people that recession is an opportunity for advertisers who choose to be aggressive to gain market share. We have all talked about the TOMA "ladder"—this time represents an opportunity for local businesses to gain a few steps on their particular ladder.

We are stressing the need for our sales teams to bring our customers solutions...focus on the message and tailor the schedule to meet their particular needs.

We are pushing people to bring value to their customers...not in the form of "freebies," but in the form of sponsorship opportunities, opportunities to join us in promotions, etc. By doing this once with a true "advertising plan"—we have found the customers to be much more willing to commit long-term dollars to our stations.

Within our organization, we have done a much better job of focusing on the entire year. We began this process in October and November of last year and it seems to really be paying dividends for our local base business sales.

George Pelletier

We live in a very visual world. Consequently, it's only natural that people put more value in things they can see touch and feel. This is more true when the visual impact of an idea communicates clearly, inspires imagination and leaves a lasting impression.

I've always thought the intangible nature of radio makes it especially difficult to sell. You have wonder...do clients really put more value in a newspaper schedule? Or does the more-concrete nature of a newspaper ad just make it seem that way?

I think one of the keys to selling radio ANYTIME is make it REAL. Use spec ads, written proposals, graphics, etc. to make a lasting visual impression on your clients.

Planning an in-store promotion? Show your client samples of the creative, store signage, registration boxes, a logo for the promotion, etc. And always present from a written proposal.

At the end of the day, radio is about communication. What are we doing to communicate the value of radio to our clients?

Dave Casper

Senior VP/Services
Radio Advertising Bureau



Unwired nets: advancing, evolving

Network buyers often complain they need more major market stations on buys. Sometimes the networks don't have the powerhouse stations they want or they can't get the inventory on them. While unwired networks have been around since 1968 to compete with the wired national networks, they have clearly evolved over time—advancing to also complement them. Interep has created some interesting new specialized unwired nets that allow network radio negotiators to beef up buys in the major markets with strong targeted stations—tailor-made, often format-pure, almost to the point of “boutique.”



Dave Logan

“To have a strong presence in a market you have got to be on leading stations,” **Dave Logan** Director of Marketing, Interep's Concert Music Network (CMN), tells *RBR*. “We create a specialized ‘wired’ network for them. By wired, I mean we send out the creative, we do it all for them. I can vary the GRP levels and the networks can consist of one station or hundreds of stations. And the weight levels can vary on a market-by-market basis. We adjust the markets. Each buy is tailored to fit into their overall buy, to get the rating point goals that they needed.”

With Interep's Revenue Sharing Networks, cream-of-the-crop, high-ranked stations receive a high share of the revenue generated for their inventory. To get some of those leading stations on an unwired network buy, other firms will benefit when Interep isn't the rep. Explains Logan: “For **Howard Stern**, we use Katz stations, and then we pay Katz. We did this multi-million dollar deal. Katz got about 30% of it. We called Katz and said, ‘here's the billing, we're buying these markets, here's the date.’ If we do something and include them, we don't get any of the commission. It's bought through them and they handle the details.”

Matt Feinberg, SVP/National Radio, Zenith Media, says the rep firms have

come a long way in developing national unwireds: “On the vendor side, the rep firms Katz and Interep, they're local sellers so they didn't always understand the national game. They'd sell you 500 stations, because every time you made a multi-market spot buy, in essence you're making an unwired buy in its loosest form. The thing is, when you make a truly national buy, you're looking for the efficiencies—one bill, one person to tie it all together and present it to you, with a top sheet that gives you the total national impressions, etc...and the detail would be the station invoices. What was difficult for the Katz and Interep people to do is to understand national deliveries and how national media is bought.”

It's really about translating local impressions to national GRPs and knowing how to compete on a cost basis and how the billing goes—not a bunch of separate bills, it's a national platform. In addition, says Feinberg, “When you're buying local, you're looking at metro ratings/MSA ratings, those are based on metro impressions. When you're looking at national, you're looking at the DMA impressions and calculating those to a national GRP level. It's a very basic media calculation, but one that a lot of people don't understand. And if you're not involved in both platforms it makes it harder.”

To turn spot buys into highly-targeted unwired nets, Interep saw to it that the efficiencies of transactional buying and post buying processes were identical to how they are handled at the networks. “Interep sets it up in a way that the network negotiators have control of the stations being purchased. We make it easy for the network negotiators to make the buys and then deliver whatever follow up is required. Local promotions are also created to help support the brands,” Logan said.

Katz Dimensions, part of the Katz Media Group, is a full service broadcast marketing company that specializes in local multimedia-based marketing solutions. Dimensions breaks down its multimedia offerings into eight groups: Agri-Marketing Dimensions; Marketing Dimensions (single-source, individual media or multi-media broadcast marketing solutions); Network Dimensions (programs to meet qualitative and quantitative needs with networks customized to geography and demo); Promotion Dimensions; Research Dimensions; Sports Marketing Dimensions; Urban Dimensions and Direct Response Dimensions.

Unwired radio nets are a big part of Dimensions' mission. “Virtually everything we do is a customized unwired network to meet whatever parameters a given advertiser or agency has set forth,” **Bonnie Press**, President/Katz Dimensions, tells *RBR*. “They have geographic selectivity, demographic selectivity; if need be format selectivity, the ability to choose dayparts; the ability to satisfy any given set of media parameters—unlike a wired network or a national network where you're basically buying X number of spots across all stations affiliated with that network and your delivery is the old fever chart.”

Depending on the strength of the affiliate, in an unwired scenario, the number of spots is varied by station or market in order to equalize delivery across markets. “So if an advertiser is looking for a given number of rating points or a given reach and frequency, the number of spots would fluctuate by market in order to achieve that market goal,” says Press.

What kind of demand has been generated lately in unwired for Katz Radio Group/Katz Dimensions? “We have in the last couple of years put together more unwired networks geared toward a Hispanic or African-American listener. With the baby boomers getting to the age of 50, we've also seen some aging of the population in general and more 25-54, even 35-54 requirements and we've put together some unwired networks against those demos. We do a lot of work with Initiative Media, for example, and within the last year, a good proportion of their spot business has gone on unwired networks. You see a lot more integration now of sales promotional elements into buys. We've done some work, as has Interep, with Next Generation Radio in putting together youth-oriented networks, some pretty heavy promotional unwired networks for Kellogg's. They've sought to reach a younger audience with cereal like Corn Pops.”

What kind of premiums are we talking?

So buyers find a weakness of network radio is it doesn't always have the strong major markets—it's underweighted. When unwired can make up for that by getting strong stations in the major markets and bring the weight levels up, is it worth the premium buyers have to pay?

“We're not against paying premiums if we feel they're worth it,” says Feinberg. “It depends on whether they're meeting our criteria. Every buy is a different ballgame. But when you compete in the national arena, the bottom line is the cost. You have to be in the ballpark—go into any local market and nationalize the CPM and compare it to a national CPM.”

“Well, yes, you get a pure radio format, you have a selectivity to your buy. And while the CPM was slightly higher than network radio average—10%-20%—we felt was a good tradeoff to get a pure format in top markets,” Camilleri adds.

“The marketplace, let's say, for network radio, is \$3K a point 25-54,” Logan explains. “The CMN that I have sells for \$7K-\$8K—that's why we're not huge, but we do alright. The economics of network radio is this: The networks and everybody pays through the nose, or maybe even the syndicators, to get the major market stations. You've got to jump through a lot of hoops to get those dollars. As you run down the line, say beyond the top 25-100 markets, they don't pay compensation. They get that audience for free. Advertisers don't value it as much.”

Some examples

CMN is the network model for Interep's revenue sharing networks. Here are a few other examples of what has been purchased/considered from Interep.

Natalie Swed Stone, Managing Partner/Director of National Radio Services, OMD USA, wanted to make certain for McDonald's that she was on the leading teen station in the top 100 markets. Interep created the “Interep Teen Radio Network.” **Matt Feinberg** wanted to make certain he was on the leading Hispanic radio stations in key Red Lobster Markets. Interep created the “Interep Hispanic Radio Network” last year. “Hispanic is a good example of where we really looked to unwired. Because up until recently, there were really none in the Hispanic national radio networks for a variety of reasons, language differentiations from the east and west coasts. There wasn't a unified Hispanic broadcast (there are some good Hispanic networks out there presently). I talked to Dave and told him what we needed for our client—to address the Hispanic marketplace on a national level to see the efficiencies. He was able to orchestrate all of the local market people to give us the stations that met our criteria as far as demographic delivery and come in at the cost efficiencies that made it vital to play for a national arena.”



Maja Mijatovic

Maja Mijatovic wanted to develop a targeted W 35-54 network for Corbett Canyon Wines which would put additional weight in key markets (also see above). Born was the Interep Corbett Canyon Network. “With a pretty efficient cost per point, it helped us utilize their resources and cater exactly to the audience where we

wanted to transfer the message to,” says Mijatovic. “We wanted a lot of Classical, Jazz and All-News stations in very specific markets. We didn't go completely national. I think it was about 20 markets.”

Pat McNew, Group SVP, PHD/Daimler Chrysler, is looking at young male orientated programming for Dodge to reach the “Fast and Furious” crowd. McNew says Logan has presented a quite few network options: “Good reps, and Dave is one of them, I think, try and push the envelope and come to us with new ideas, rather than just responding.”



Pat McNew



John Camilleri

John Camilleri created and purchased an extensive and targeted buy for Vanguard on CMN. He wanted to reach high net worth people with money to invest. “The attractiveness of CMN was that it was format-pure, Classical. Whereas for the typical network there's a mix of radio formats. And with a mix of radio formats, you're going to get a mix of audiences that are delivered. The other thing that was attractive about CMN was it was a Top 30 market buy. They had some holes, but typically not the kind of holes you would have with a line network radio buy. And the CPMs were comparable to a lot of network radio.”

Reyn Leutz, SVP, Director of Radio Negotiations, Mindshare has done the same for Merrill Lynch. **Lisa Opensky Greenberg** did the same for Morgan Stanley at Starcom, Leo Burnett.



Reyn Leutz

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Spanish sister groups buy more

Even as Univision (N:UVN) was putting the finishing touches on its block-buster deal to buy Hispanic Broadcasting corp. (N:HSP) for \$3.5M (see pages 1 & 6), both HBC and Entravision (N:EVN), which is partly owned by Univision, were out buying more stations.

Ironically, the biggest deal had Spanish Broadcasting System (O:SBBSA) selling a station to Entravision, just days before it filed an antitrust lawsuit against HBC and its part-owner, Clear Channel (N:CCU), claiming that they were trying to drive it out of business (see pages 1 & 2).

In the smaller deal, HBC is paying **Roy Henderson** \$5M to increase its stake in Rawhide Radio LLC from 24% to 76%. Roy will get \$3M at closing and an additional \$2M if, within three years, KVCQ-FM is able to move to the Tower of the Americas transmitter site in San Antonio as a Class C1 or better. HBC already owns six other stations in the San Antonio market. Henderson would also get the additional payment if KVCQ, currently licensed to Cuero, TX, is sold by HBC for \$16M or more.

Also included in this deal is Rawhide's other station, KBAE-FM Llano, TX, which is located northwest of Austin—not an HBC market. The remaining 24% of Rawhide is owned by Palmetto Radio Group, owned by **Ed Seeger, Andrew Guest** and **James Fort**.

The week's big single-station deal had SBS selling KTCY-FM Dallas to Entravision. That will give Entravision seven radio stations in the Dallas-Ft. Worth market (including some rim-shotters). That further solidifies Entravision's #2 Spanish position in Dallas—HBC's home market—but, as we noted on page one, just adds to the regulatory hurdle that Univision will have to clear to get its deal with HBC approved.

An LMA began 6/10, with KTCY airing Entravision's Super Estrella Spanish pop format, which had been airing on KRVA-FM and KRVF-FM in the Dallas market.

RBR observation: If you can't get bigger, get out. Dallas is the sixth largest US Hispanic market, so it's obviously somewhere that **Raul Alarcon** would like to be. But he has bigger fish to fry—and we're not talking only about his lawsuit against Clear Channel and HBC.

SBS still owes \$210M on its \$250M purchase of KXOL-FM Los Angeles. Ratings and revenues are growing, but with a deadline of 12/31/03 to hand over the final check to the Four Square Gospel Church, KXOL isn't going to pay for itself just out of cash flow.

Rather than languish perpetually in third place in Dallas, better to take out some cash to pay for that LA goldmine.

Alarcon has said for months now that he would sell off some non-strategic assets to help pay that LA bill, so look for a few more sales before that deadline hits in 19 months.

KTCY was the only station that SBS owned in Dallas, although it programs Time-brokered KXEB-AM under an LMA and has been involved in a dispute with Rodriguez Communications over whether SBS has a contractual right to buy KXEB and on what terms.

Arkansas LMA turning to ownership

Dan Caldwell found local financial backers last year and launched Caldwell Broadcasting to LMA six stations north and northeast of Little Rock, AR, with an option to buy them. Now Caldwell and his backers, the **Crain** family, have filed to take possession of KAWW-AM & FM Heber Springs AR, KAPZ-AM & KKSX-FM Bald Knob AR and KWCK-AM & FM Searcy AR. Including the option fee, LMA payments, debt assumption, cash and a note, three companies headed by **Larry Morton** will receive a total of \$2.65M for the six stations.

Brill sell-out may be to Brill

Alan Brill has reached a Chapter 11 settlement with his creditors to sell Brill Media's radio stations and newspapers to the highest bidders. That, however, doesn't mean that Alan Brill is getting out of the business.

"I know there will be a Brill Media. The question is, is it going to be newspapers, or is it going to be partial radio, or is it going to be the whole company, or all radio, or maybe a partnering with another group in which we'll have an expanded overall entity," Brill explained to **RBR**. "I'm going to be in the media business, but maybe on a reduced scale. But I'm not foreclosing the possibility of continuing to be involved in an enterprise that contains everything."

Both Brill and the creditors committee from the company's bankruptcy filing are now soliciting bids. He says something should be known about which direction the company will go by mid-July.

RBR observation: Brill thinks he has an advantage over the creditors in this bidding process. Not all of the radio stations that Brill Media manages are owned by Brill Media—

a few are owned by related companies controlled by Alan Brill which are not part of the Chapter 11 case. Thus, Brill can offer potential radio buyers (or partners) all of the radio properties and possibly command higher prices for those clusters.

There's clearly a stronger market for radio properties than for weekly newspapers—the bulk of Brill Media's print assets—so it's a good bet that some radio properties will be sold to satisfy the creditors' claims for \$147.6M. But we wouldn't bet on Alan Brill being out of the radio business completely.

New entrant buys Missouri duop

A new group that's out to buy small market stations is making its first buy in the Missouri Ozarks. Quorum Radio Partners, owned by **Todd Fowler** and **Michael Stone**, is paying \$800K for KELE-AM & FM and KOZX-FM Mountain Grove and Cabool, MO from **Bill Jones'** Debco Productions. **Broker: Ron Kempff**, Kempff Communications Co.

RBR observation: We understand that Fowler and Stone made their money in the carpet business, but are gung-ho on building a radio group and have professional management to run the business. They've been looking at lots of properties, mostly outside Arbitron markets, particularly in the Southeast. Although this first buy is in Missouri, that's apparently the Northwestern edge of the markets they're interested in.

ABC sheds a Disney AM

ABC Radio has decided that having two Radio Disney O&Os in Chicago is a bit of overkill, so it's selling the weaker signal. Disney's (N:DIS) ABC Inc. is selling WPJX-AM Zion, IL—in the far north suburbs of Chicago—for \$70K to Multicultural Broadcasting of Chicago Inc. That's not **Arthur Liu's** Multicultural group, but rather a local company owned by **Edward** and **Juliet Rim** and **Elizabeth Gaffney**.

Chuck Harder exits ownership

Syndicated talk host **Chuck Harder** is getting out of station ownership. He has a \$600K deal to sell the two stations owned by his Peoples Network Inc.—WNTF-AM Bithlo, FL and WGAF-AM Alachua, FL—to **Sabetta Persaud's** RAMA Communications.

WNTF will give RAMA a duopoly in the Orlando market with WOKB-AM and its expanded band twin, WTIR-AM. WGAF is in the Gainesville-Ocala market. **Broker: Frank Boyle**, Frank Boyle & Co.

Another small deal for Small Town

Small Town Radio Inc. (O:STWD) announced that it has a letter of intent to purchase WULA-AM Eufaula, AL from Hellinger Broadcasting. Meanwhile, Small Town has filed at the FCC its previously announced deal to buy WRVX-FM, also in Eufaula, AL, from **Clyde Earnest's** Renegade Broadcasting LLC. The price turns out to be \$425K, plus \$5K in Small Town stock.

RBR observation: Still waiting for that first closing, guys.

Interrep raises another \$5M

Hot on the heels of selling \$6M in new securities to mutual funds managed by Mario Gabelli (**RBR** 3/10, p. 3), Interrep (O:IREP) says it has sold an additional \$5M package of warrants and convertible preferred stock. The company won't identify the buyer, but CFO **Bill McEntee** told **RBR** it's not Gabelli this time, but another institutional buyer. He said the company is still talking with other potential investors, so there might be some smaller investments yet to come.

Meanwhile, Gabelli is getting prepared for the day when he can cash in some of that \$6M investment in Interrep. The rep company has filed with the SEC to register slightly over 2M shares to cover the warrants and preferred stock sold to various Gabelli mutual funds.

For Gabelli to turn a profit, though, Interrep will have to boost its stock price. The strike price on the warrants is \$4 and that's also the lowest conversion price for the preferred shares. Interrep can force the holder to convert the preferred stock into common stock at \$8. That's a target that's still a ways off. Interrep closed 6/13 at \$3.57.

RBR observation: No one knows media stocks better than Mario Gabelli—and he's a patient investor (as much as anyone on Wall Street can be called patient). We'll be interested to see who the other investor is. We understand it's not one of the usual suspects for media investments.

M & A

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Mapleton Communications LLC

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and KYOS (AM)**

Merced, CA

from

**Merced Radio Partners, L.P.
& Yosemite Radio Partners, L.P.**

for

\$4,300,000

Media Venture Partners represented Mapleton in this transaction
June, 2002

Closed

Clarke Broadcasting Corporation

has conveyed the assets of

**KLOQ (FM), KJMQ (FM),
KRAN (AM) and KAXW (AM)**

Merced, CA

to

**Mapleton
Communications LLC**

for

\$2,800,000

Media Venture Partners represented Clarke in this transaction
June, 2002

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