

Dec 03 2003 05:17:10 Via Fax

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INSIDE RADIO
by Tom Taylor

www.InsideRadio.com

Wednesday, December 3, 2003

NEWS

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Suddenly there are some deals getting done — Over \$80 million worth announced Tuesday. Brokers said at the NAB Radio Show there was intense interest — and plenty of equity. The problem is supply, not demand. Now we get deals from Cumulus and Citadel that show the market's very much alive:

Lew Dickey's Cumulus does \$78 million worth of buying in the upper Midwest. Two markets here — and one of them is the booming home of the Mayo Clinic, Rochester, MN. Lots of money there, based on the Mayo's aggressive expansion and worldwide reputation. The other market is Sioux Falls, SD, which seems to have fallen out of the Arbitron-rated universe, but is apparently coming back, maybe with new ownership.

Cumulus will own 9 stations in Rochester, MN, southeast of Minneapolis. Yes, 9 stations, accomplished via three separate deals. Sellers are some real heritage Midwestern families: The third-generation Gentlings of Southern Minnesota Broadcasting (selling KROC-AM/FM and KYBA). The Borgens, who own KFIL-AM/FM and KVGO. And Howard and Lucille Bill, selling KWWK, KOLM (as Olmsted County Broadcasting) and KLCX. Patrick Communications brokered the Southern Minnesota Broadcasting sale, and Kalil & Co. handled brokerage duties for the Borgens' KFIL Inc./KVGO Inc. (sale = \$3 million) and the Bills (\$5 million).

And Cumulus gets a full-up 6-station cluster in Sioux Falls, SD. No assembly required for this one, since Greg Gentling and Southern Minnesota Broadcasting had already welded these stations together: CHR "Hot 104.7" KKLS, hot AC KMXC, news/talk KSOO, country KXRB and KIKN-FM, and classic rock KYBB. Again, Larry Patrick served as broker, as he did in the Gentlings' deal in Rochester. The announced price for the nine Southern Minnesota Broadcasting stations is \$65 million, though we believe there may be some additional arrangements in there to make the total package about \$70 mil. That's how Cumulus apparently gets to the \$78 million it says it spent Tuesday: \$3 million to the Borgens plus \$5 million to Howard and Lucille Bill plus about \$70 mil to Southern Minnesota Broadcasting. Another thing, and an important one: Cumulus is doing this with stock. Lew Dickey says by using his now-healthy and in-demand stock, he can "further deleverage our balance sheet and increase our free cash flow." Cumulus stock rose 5¢ to \$19.30.

* **Citadel sells off four properties in southern Louisiana.** Farid Suleman needed to spin some stations because of recent purchases, and he helps Marcus Pittman and Mike Schutta build a tidy new cluster. Here's the action: Just north of New Orleans, Pittman Broadcasting acquires black gospel WOPR, Lacombe (94.7). Citadel just picked up "Praise" in the recently-closed deal with Wilks Broadcasting. And then further west on I-10 in Lafayette, Pittman bags three more stations from Citadel — and one from Bonin Broadcasting in an unrelated but geographically advantageous deal. The Citadel trio is KFXZ (106.3), Radio Disney affiliate KDYS (1520) and "Sports Animal" KVOL (1330). The FM Bonin is selling to Pittman also has some Citadel lineage: Don Bonin received modern rock KRXE, Opelousas from Citadel as part of its compensation for selling KXKC to Suleman's group. Total price for the four Citadel stations plus Don Bonin's "Extreme Rock 105.9" KRXE: \$4,250,000. Broker: Michael Bergner.

200+ stations are now all-Christmas — including two by the same owner in the same market. The market is Tampa, and the owner is Cox Radio — but the targets of the stations are very different.

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