

INSIDE RADIO

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Editor: Tom Taylor (609) 883-3321

Get ready to hear these two words over and over: "Cautiously optimistic." Radio group heads reporting their quarterly results will be faithfully repeating that phrase, just as Wall Street analysts are already writing it while shaving a few "bips" off their revenue estimates for the rest of 2003. Radio has been trailing TV on the recovery trail, and the big "bounce" radio's been expecting in Q3 and Q4 may not be quite as high as everybody predicted. But things are finally looking up — especially starting in September.

When it comes to dealmaking, "Everybody's in hardship" because of the FCC freeze. We've written about this ever since the fateful day (June 2) when the FCC implemented a freeze on Form 314 and Form 315 filings — essentially freezing the filing of deals for commercial stations. Several brokers optimistically tell us "you can still do deals, you just can't file them." That's true. But on the other side of the street, broker Michael Bergner says the uncertainty about when the "thaw" will come is affecting the deal market and people's lives — "and not for the better." The FCC has let a very few "hardship" cases trickle through the system. But Bergner says the truth is that "everybody's in hardship" with the freeze, which is now 60 days old and showing no signs of ending. He fumes that the FCC "changed the rules in the middle of the game, then after they changed the rules, they wouldn't let people play by the rules." The figure floating around the Deal World now is "50 deals" — that approximately 50 deals are stuck in the freeze at The Portals.

Here's why the FCC rushed approval of Big City's WVIV-FM sale — bondholders threatened default. Though Big City's selloff yielded more than \$190 million, the trustee for its bondholders shares a letter with the FCC that may've gotten the Commission to expedite approval of a sale that's been stuck — for Chicago-market WVIV-FM to go to Hispanic Broadcasting. Seems the Trustee was still owed \$6.5 million, plus interest — not to mention the legal fees of the bondholders. It told Big City that if it didn't get payment by July 18, some bad things might happen. Is that why the FCC took action?

Howard Stern is off Craig Karmazin's station in Madison — replaced by polka music, for now. Stern was pulled from hot talker WTLX, Madison Monday morning — replaced by polka tunes. The temporary morning show, dubbed "Happy Times for Jolly People," features what the station's website calls "five hours of non-stop pleasure for the hidden polka beast that resides inside every soul." Gosh, though — it's highly unlikely the accordions will be a permanent fixture on WTLX, which also airs Tom Leykis and Don & Mike. The last time a station dropped Stern was January 1, when WKLQ, Grand Rapids shifted him to its AM sports station, WBBL. In all of 2002, the high-priced Stern lost just one affiliate: WAVF, Charleston, SC. Stern lost 10 in 2001 and eight in 2000. Craig Karmazin (yes, Mel's son) owns "Good Karma Broadcasting."



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