

CLEAR CHANNEL BUYOUT WON'T AFFECT LOCAL STATIONS



Clear Channel Communications' local radio stations should not be affected by the sale of company, local company officials said. Herald-Citizen Photo/Camille Fliss

From Staff and Wire Reports

Clear Channel Communications Inc. has agreed to sell radio stations in 42 markets as part of a deal reached with federal regulators that will allow the company to complete its sale to private investors.

Word that the Federal Communications Commission had unanimously approved the \$19.5 billion buyout surfaced two weeks ago. The agency released the details recently.

Clear Channel, the nation's largest radio station owner, is being taken private by a group led by Thomas H. Lee Partners LP and Bain Capital Partners LLC for \$39.20 a share. Shareholders already have approved the transaction.

According to the FCC order, Clear Channel must transfer control of 48 stations, located in the nation's 100 largest markets, to a divestiture trust so that the new owners will comply with FCC ownership limits.

Clear Channel owns 25 radio stations in Tennessee, including four in Cookeville. It is not known whether any Tennessee stations will be sold, however.

"The buyout will not affect local stations," said Bruce Welker, vice president and marketing manager for Clear Channel in Cookeville. "Basically, Clear Channel as a large company is changing from a publicly traded company to a privately-owned company. The company as a whole is being bought out, it shouldn't affect individual stations."

In 2003, the FCC redefined how it measures radio markets, a move that put Clear Channel out of compliance in numerous cities. The company was exempted from the rule, but that exemption does not transfer to the new owners.

The FCC order said the transfer of control of the stations is in the public interest.

"In fact, the transaction would improve competition by requiring CCC (Clear Channel) to divest grandfathered interests in 42 separate broadcast markets," it reads.

At the time Clear Channel applied for FCC approval, it held licenses to 1,172 radio stations and 35 television stations. The company said it would sell 448 stations in smaller markets in deals separate from the larger transaction.

The company also is selling off its television stations in a separate transaction. The FCC approved the \$1.3 billion sale of 35 stations in December. The new owners will be Newport Television LLC, a private equity group controlled by Providence Equity Partners.

That deal is still pending, according to the FCC order.

Clear Channel owns three television stations in Tennessee, two in Memphis and one in Jackson.

The agency is also requiring the buyers to resolve ownership issues regarding an earlier transaction involving Univision Communications Inc. and to divest their interest in another media company, Cumulus Media Partners LLC.

The buyout still needs approval from the Justice Department.

San Antonio-based Clear Channel grew into a media giant following a 1996 law that eliminated the national limit on how many radio stations a single company may own.

The company also owns a successful outdoor advertising business, with billboards in high-profile locations like Times Square in New York City and Atlantic City, N.J.

"We're excited by the unanimous decision of the commission," Mark Mays, Clear Channel's chief executive officer, said in a statement. "We're on track to close the transaction in the first quarter of 2008."

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