

BAUER/4 LOCAL RADIO ACQUISITIONS – PHASE 2 MERGER INQUIRY

Note of Call with Credible Media Limited (owner of Revolution 96.2) on 17 December 2019

Proposal to buy Signal 107

1. Credible Media last spoke to Bauer with respect to its interest in buying Signal 107 on Friday 13 December. Bauer was interested in engaging with Credible Media on this matter.
2. Credible Media believes it would be a suitable purchaser as Revolution 96.2's TSA does not overlap with that of Signal 107 or Free Radio.

First proposal to remedy the loss of FRS

3. Credible Media would be interested in buying FRS along with a selection of other stations which Bauer bought, such as Wish FM, Wire FM and Tower FM. Credible Media had previously approached Wireless with a proposal to buy these three stations. By buying a selection of stations, Credible Media could realise cost efficiencies through, for example, shared facilities, accounts, administration costs, and news services.
4. Other media owners, such as Nation, could buy other stations which Bauer bought to together sustain a sufficient mass of independents to keep FRS running.
5. Credible Media could run FRS out of its Manchester office, perhaps as a joint venture with other media owners like Nation and Dee Radio Group, representing all the independents Bauer did not buy, as well as the stations it divested to the likes of Credible Media and Nation. FRS could then continue to compete with Bauer and Global.

Second proposal to remedy the loss of FRS

6. Credible Media could buy FRS without buying any stations from Bauer. Under this scenario, Bauer would have to sell advertising on the stations it acquired through FRS. Credible Media could run this configuration of FRS.

Third proposal to remedy the loss of FRS

7. Bauer could represent the independent radio stations it did not acquire through a behavioural remedy. Under this scenario, there should be an 'implant' in Bauer's sales department. This person should have access to its sales floor and be independent of Bauer and the media owners represented. There should additionally be an algorithm to ensure third party stations are represented under fair terms (ie that the amount of inventory sold on those stations is consistent with their RAJAR figures).
8. When Global represented Orion, Phil Riley asked Tim McCabe, one of his employees at Orion, to effectively second himself to Global. With him there, Global knew it could not discriminate against Orion's stations.

Funding of an asset acquisition

9. Credible Media has recently spoken with a corporate finance company with respect to structuring a deal to purchase assets from Bauer. It has also spoken with Natwest, its bank, regarding a loan to finance a possible purchase.
10. Credible Media has experience purchasing distressed assets. This applies to Revolution 96.2, as well as the Oldham Evening Chronicle and the two magazines in its portfolio.