

CUMULUS MEDIA INC  
Form PREM14A  
June 03, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

**CUMULUS MEDIA INC.**

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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**CUMULUS MEDIA INC.  
3280 Peachtree Road, N.W.  
Suite 2300  
Atlanta, Georgia 30305**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
To Be Held On [ ], 2011**

To the Stockholders of Cumulus Media Inc.:

The 2011 Annual Meeting of Stockholders of Cumulus Media Inc., a Delaware corporation ( "Cumulus Media" or the "Company" ), will be held at the Company's offices, 3280 Peachtree Road, N.W., Atlanta, Georgia 30305, in the Boardroom located on the 23rd floor, on [ ], 2011 at [ ], local time, for the following purposes:

- (1) to approve an amendment and restatement of our Amended and Restated Certificate of Incorporation to, among other things, increase the total number of shares of authorized capital stock from 270,262,000 to 300,000,000, create a new class of non-voting common stock to be designated as the Class D common stock and eliminate certain rights applicable to our existing non-voting Class B common stock (the "Charter Amendment" );
- (2) to approve the issuance of shares of our common stock pursuant to, and as contemplated by, the Exchange Agreement (defined herein) relating to Cumulus Media Partners, LLC ( "CMP" ), and the transactions contemplated thereby (collectively, the "CMP Transaction" ), pursuant to which we will issue (a) shares of our Class A common stock and Class D common stock in exchange for all of the outstanding equity interests of CMP that we do not currently own (the "CMP Acquisition" ), (b) shares of our Class D common stock upon the exercise of certain warrants (the "Warrant Exercise" ) and (c) shares of our Class A common stock upon conversion of the shares of Class D common stock issued upon exercise of those warrants (the "Class D Conversions" );
- (3) to elect Lewis W. Dickey, Jr., Ralph B. Everett, Eric P. Robinson and David M. Tolley as directors for a one-year term;
- (4) to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2011; and
- (5) to transact such other business as may properly come before the annual meeting or any postponement or adjournment thereof.

Only holders of record of shares of the Company's Class A common stock or Class C common stock at the close of business on [ ], 2011, are entitled to notice of, and to vote at, the annual meeting or any postponement or adjournment thereof. A list of such stockholders will be open for examination by any stockholder at the time and place of the meeting.

Holders of a majority of the outstanding voting power represented by the shares of the Company's Class A common stock and Class C common stock, voting together as a single class, must be present in person or by proxy in order for the meeting to be held. Our Board of Directors recommends that you vote **FOR** Items 1, 2, 3 and 4. Therefore, we urge you to date, sign and return the accompanying proxy card in the enclosed envelope whether or not you expect to attend the annual meeting in person. If you attend the meeting and wish to vote your shares personally, you may do so by validly revoking your proxy at any time prior to the voting thereof.

This notice, the proxy statement and the accompanying proxy card are being distributed to stockholders commencing on or about [ ], 2011.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on [ ],  
2011**

The proxy statement and the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 are available at [www.cumulus.com/investors.aspx](http://www.cumulus.com/investors.aspx).

Lewis W. Dickey, Jr.  
*Chairman, President and Chief Executive Officer*

[ ], 2011

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**INFORMATION REGARDING THE ANNUAL MEETING**

**Date, Time and Place of Annual Meeting**

We are furnishing this proxy statement to the holders of our Class A common stock and our Class C common stock who held their shares at the close of business on [ ], 2011 (the Record Date ), in connection with the solicitation of proxies by our Board of Directors for the annual meeting of stockholders to be held on [ ], 2011, at [ ], local time, at our offices, 3280 Peachtree Road, N.W., Atlanta, Georgia 30305, in the Boardroom located on the 23rd floor, or at any adjournment or postponement of that meeting. A proxy statement is a document that regulations of the Securities and Exchange Commission ( SEC ) require us to give you when we ask you to vote your shares of stock by proxy. At the meeting, stockholders will be asked to consider and vote on the items of business listed and described in this proxy statement. This proxy statement and the accompanying proxy card are being distributed to our stockholders commencing on or about [ ], 2011.

**Record Date; Quorum; Outstanding Common Stock Entitled to Vote**

All holders of record of our Class A common stock and our Class C common stock as of the Record Date are entitled to receive notice of, and to vote at, the annual meeting. The presence, in person or by proxy, of holders of a majority of the voting power represented by outstanding shares of our Class A common stock and our Class C common stock, voting together as a single class, is required to constitute a quorum for the transaction of business.

Abstentions and broker non-votes will be treated as present for purposes of determining a quorum. A broker non-vote occurs when a registered holder (such as a bank, broker or other nominee) holding shares in street name for a beneficial owner does not vote on a particular proposal because the registered holder does not have discretionary voting power for that particular item and has not received voting instructions from the beneficial owner. Banks, brokers or other nominees that have not received voting instructions from their clients cannot vote on their clients behalf on the proposals to approve the Charter Amendment, the issuance of shares of our common stock in connection with the CMP Transaction or the election of directors, but may vote their clients shares on the proposal to ratify the appointment of our independent registered public accounting firm.

A complete list of stockholders of record will be available for examination during the ten (10) day period prior to the annual meeting as well as at the annual meeting. As of the Record Date, there were [ ] shares of our Class A common stock outstanding and [ ] shares of our Class C common stock outstanding representing an aggregate of [ ] votes.

**Voting Rights; Vote Required for Approval**

Holders of our Class A common stock are entitled to one vote for each share of Class A common stock held as of the Record Date. Holders of our Class C common stock are entitled to ten votes for each share of Class C common stock held as of the Record Date. Holders of shares of our Class A common stock and our Class C common stock will vote together as a single class on the matters to be voted upon at the annual meeting.

The approval of the Charter Amendment requires the affirmative vote of the holders of a majority of the votes of the issued and outstanding common stock entitled to vote on the proposal. As a result, abstentions and broker non-votes will have the same effect as a vote against the proposal.

The affirmative vote of a majority of the votes cast at the annual meeting is required to approve (i) the issuance of shares of our Class A common stock and Class D common stock in connection with the CMP Transaction and (ii) to

ratify the appointment of our independent registered public accounting firm for 2011. Under Delaware law, abstentions are not considered to be votes cast and therefore will have no effect on the proposal to ratify the appointment of our independent registered public accounting firm. However, under the rules of the NASDAQ Stock Market LLC (the NASDAQ Marketplace Rules ), which require that we obtain stockholder approval of the issuance of shares of our common stock in connection with the CMP Transaction,

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abstentions with respect to votes required thereunder are treated as votes cast but broker non-votes are not. Therefore, abstentions will have the effect of a vote against the issuance of shares of our Class A common stock and Class D common stock in connection with the CMP Transaction but broker non-votes will have no effect on the outcome of that proposal. Abstentions with respect to the ratification of the appointment of our independent registered public accounting firm will have no effect.

The directors will be selected by a plurality of the votes cast **FOR** each director and, as a result, abstentions, withheld votes and broker non-votes will have no effect on the outcome of the election of the directors.

## **Voting and Revocation of Proxies**

A proxy card for you to use in voting at the annual meeting accompanies this proxy statement. All properly executed proxies that are received prior to, or at, the annual meeting and not revoked will be voted in the manner specified. If you execute and return a proxy card, and do not specify otherwise, the shares represented by your proxy will be voted **FOR** approval of the Charter Amendment, **FOR** approval of the issuance of shares of our Class A common stock and Class D common stock in connection with the CMP Transaction, **FOR** each of the director nominees for a one-year term, and **FOR** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011.

If you have given a proxy pursuant to this solicitation, you may nonetheless revoke it by attending the annual meeting and voting in person. In addition, you may revoke any proxy you give at any time before the annual meeting by delivering a written statement revoking the proxy, or by delivering a duly executed proxy bearing a later date to Richard S. Denning, Corporate Secretary, at our principal executive offices, 3280 Peachtree Road, N.W., Suite 2300, Atlanta, Georgia 30305, so that it is received prior to the annual meeting, or at the annual meeting itself. If you have executed and delivered a proxy to us, your attendance at the annual meeting will not, by itself, constitute a revocation of your proxy.

## **Solicitation of Proxies and Householding**

We will bear the cost of the solicitation of proxies. We will solicit proxies initially by mail. Further solicitation may be made by our directors, officers and employees personally, by telephone, facsimile, e-mail or otherwise, but they will not be compensated specifically for these services. Upon request, we will reimburse brokers, dealers, banks or similar entities acting as nominees for their reasonable expenses incurred in forwarding copies of the proxy materials to the beneficial owners of the shares of common stock they hold of record.

If you hold your shares in street name, your bank, broker or other nominee may participate in the practice of householding proxy soliciting material. This means that if you reside in the same household as other stockholders of record or beneficial owners of our common stock, you may not receive your own copy of our proxy materials, even though each stockholder received his or her own proxy card. If your household received one set of proxy materials and you are a stockholder of record who would like to receive additional copies of our proxy materials, you may request a duplicate set or single copy by contacting our Corporate Secretary at our principal executive offices, 3280 Peachtree Road, N.W., Suite 2300, Atlanta, Georgia 30305. If you hold your shares in street name, please contact your bank, broker or other nominee directly to request a duplicate set of our proxy materials or to reduce the number of copies of our proxy materials that will be sent to your household.

## **Other Matters**

Except for the votes on the proposals described in this proxy statement, no other matter is expected to come before the annual meeting. If any other business properly comes before the annual meeting, the persons named in the proxy will



vote in their discretion to the extent permitted by law.

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**QUESTIONS AND ANSWERS ABOUT THE PROPOSALS REGARDING THE CHARTER AMENDMENT AND THE ISSUANCE OF ADDITIONAL SHARES OF OUR COMMON STOCK**

**Q. Why is the Company seeking to issue additional shares of common stock?**

- A. On January 31, 2011, we entered into an Exchange Agreement (the Exchange Agreement) with affiliates of Bain Capital Partners LLC (Bain), The Blackstone Group L.P. (Blackstone) and Thomas H. Lee Partners (THL) and, together with Bain and Blackstone, the CMP Sellers). Pursuant to the Exchange Agreement, we agreed to (i) acquire all of the outstanding equity interests of CMP that we currently do not own in exchange for 3,315,238 shares of our Class A common stock and 6,630,476 shares of our Class D common stock and (ii) enter into an agreement with the holders of currently outstanding warrants (the Radio Holdings Warrants) to purchase 3,740,893 shares of common stock of CMP Susquehanna Radio Holdings Corp., an indirect wholly-owned subsidiary of CMP (Radio Holdings), which would amend the Radio Holdings Warrants to provide that, upon the closing of the CMP Acquisition, in lieu of being exercisable for shares of common stock of Radio Holdings, the Radio Holdings Warrants would instead be exercisable for an aggregate of 8,267,968 shares of our Class D common stock. As a result of the transactions contemplated by the Exchange Agreement, CMP will become our wholly-owned subsidiary, the CMP Sellers will acquire shares of our common stock that are, or are convertible into shares that are, publicly tradeable rather than holding equity interests in a private company, and holders of the Radio Holdings Warrants will be entitled to acquire shares of our common stock rather than shares of our subsidiary.

In accordance with the Exchange Agreement, on [ ], 2011, Radio Holdings, CMP Susquehanna Holdings Corp., a wholly-owned subsidiary of CMP and the parent company of Radio Holdings (Radio Holdco), Computershare Trust Company, N.A., as warrant agent (the Warrant Agent), and the holders of the requisite majority of the outstanding Radio Holdings Warrants entered into a written consent to an amendment and restatement of the existing warrant agreement governing the Radio Holdings Warrants (the Radio Holdings Warrant Agreement), dated as of March 26, 2009, among Radio Holdings, Radio Holdco and the Warrant Agent (as so amended and restated, the Restated Warrant Agreement). Pursuant to the Restated Warrant Agreement, which will be entered into on the date of closing of the CMP Acquisition, the outstanding Radio Holdings Warrants, which were originally exercisable for an aggregate of 3,740,893 shares of common stock of Radio Holdings, will instead become exercisable, commencing on the day following the date that is nine months after the closing of the CMP Acquisition (the CMI Delivery Date), for an aggregate of 8,267,968 shares of our Class D common stock on the terms and subject to the conditions set forth in the Restated Warrant Agreement. The Radio Holdings Warrants, as amended and restated pursuant to the Restated Warrant Agreement, are referred to herein as the CMP Warrants.

Following the issuance of shares of our Class D common stock pursuant to the CMP Acquisition or upon a Warrant Exercise, such shares of Class D common stock will be convertible by their terms into shares of our Class A common stock at the times and in the manner described in this proxy statement under the heading Proposal No. 1 Description of Class D Common Stock Convertibility of Class D Common Stock into Class A Common Stock.

**Q. Where can I find more information about the CMP Transaction?**

- A. We are including in this proxy statement a discussion of the material terms of the CMP Transaction, including the business and operations of CMP, because the issuance of our shares of common stock in connection therewith requires the approval of our stockholders. There are no dissenters or appraisal rights available to our stockholders

in connection with CMP Acquisition or the issuance of the shares of our common stock in connection with the CMP Transaction.

**Q. Why is the Company seeking stockholder approval to issue shares of our common stock in connection with the CMP Transaction?**

**A.** Because our Class A common stock is listed on the NASDAQ Global Market, we are subject to the NASDAQ Marketplace Rules. Rule 5635 of the NASDAQ Marketplace Rules requires stockholder

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approval if a listed company issues common stock or securities convertible into or exercisable for common stock in connection with the acquisition of the stock or assets of another company that exceed 20% of the voting power or the total shares outstanding on a pre-transaction basis. Rule 5635 also requires stockholder approval if a listed company issues common stock or securities convertible into, or exercisable for, common stock equal to 20% or more of the common stock or voting power outstanding before the issuance for less than the greater of book or market value of the stock.

In the CMP Transaction, we are proposing to issue 3,315,238 shares of our Class A common stock and 6,630,476 shares of our Class D common stock in connection with the CMP Acquisition, and up to 8,267,968 shares of our Class D common stock upon the Warrant Exercise. Following the issuance of shares of Class D common stock in connection with the CMP Acquisition or upon the Warrant Exercise, we would issue shares of our Class A common stock upon any Class D Conversions. The aggregate amount of our common stock that we are proposing to issue in the CMP Transaction exceeds 20% of the number of shares of our common stock currently outstanding. Accordingly, we are asking the holders of shares of our common stock to consider and vote on approval of the issuance of shares of common stock in these transactions.

**Q. What will happen if stockholder approval is not obtained to issue the shares of common stock in connection with the CMP Transaction?**

- A. Under the Exchange Agreement, receipt of stockholder approval of the issuance of the shares of common stock to the CMP Sellers pursuant to the CMP Acquisition is a condition to its consummation. If such approval is not obtained, we will not be able to consummate the CMP Acquisition. In addition, if such approval is not obtained, the Restated Warrant Agreement will not become effective, the Radio Holdings Warrants will remain outstanding and the amendments to the Radio Holdings Warrants pursuant to the Restated Warrant Agreement will not occur.

**Q. What will happen if the Company issues the shares of common stock in connection with the CMP Transaction?**

- A. If our stockholders approve the issuance of shares of our common stock and the CMP Acquisition is consummated, Blackstone will receive 3,315,238 million shares of our Class A common stock and, in order to ensure compliance with broadcast ownership rules of the U.S. Federal Communications Commission (the FCC), Bain and THL will each receive 3,315,238 million shares of Class D common stock, which are non-voting shares. In exchange, each of Blackstone, Bain and THL will transfer to us their equity interests in CMP and CMP will become our wholly-owned subsidiary. In addition, upon the Warrant Exercise and assuming the Restated Warrant Agreement becomes effective, we will issue an aggregate of 8,267,968 shares of our Class D common stock (assuming all CMP Warrants are exercised). Each holder of shares of Class D common stock will be entitled at any time, or from time to time, to convert its shares into shares of Class A common stock on a share-for-share basis so long as at the time of conversion it is not a Disqualified Person (defined herein under Proposal No. 1 Description of Class D Common Stock Convertibility of Class D Common Stock into Class A Common Stock) and any required consent of any governmental authority has been obtained. As a result of the CMP Acquisition, Warrant Exercise and Class D Conversions (and assuming all CMP Warrants are exercised and shares of Class D common stock are converted in full), we would issue up to a total of 18,213,682 new shares of our Class A common stock, representing approximately 33.6% of the number of shares of our Class A common stock currently outstanding as of March 31, 2011.

**Q. Why is the Company creating the Class D common stock pursuant to the Charter Amendment?**

- A. Certain of the CMP Sellers desired, for FCC regulatory reasons, to receive non-voting shares of our common stock pursuant to the CMP Acquisition. Prior to the Charter Amendment, we have authorized only one class of

non-voting common stock, our Class B common stock. The Class B common stock has certain consent and approval rights set forth in our Amended and Restated Certificate of Incorporation (the Charter ) that we did not wish to extend to the CMP Sellers. As a result, we agreed instead to authorize

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and create the Class D common stock, which is generally non-voting and does not have voting rights except as provided under Delaware law.

**Q. Under what circumstances will the Company issue shares of Class D common stock?**

A. If our stockholders approve the Charter Amendment and the revised Charter is filed with the Secretary of State of the State of Delaware (the Delaware Secretary of State ) and takes effect, the new Class D common stock will be created. If our stockholders approve the issuance of our common stock and the CMP Acquisition is consummated, we will issue a total of 6,630,476 shares of Class D common stock to Bain and THL. In addition, we may issue a total of 8,267,968 shares of Class D common stock upon the Warrant Exercise. Shares of Class D common stock are convertible at any time, or from time to time, at the option of and without cost to the holder, into shares of Class A common stock on a share-for-share basis so long as the holder is not at the time of conversion a Disqualified Person and any required consent of any governmental authority has been obtained.

**Q. What will happen if stockholder approval is not obtained for the Charter Amendment?**

A. Pursuant to the Exchange Agreement, receipt of stockholder approval of the Charter Amendment is a condition to the consummation of the CMP Acquisition. If such approval is not obtained, we will not be able to consummate the CMP Acquisition, the Restated Warrant Agreement will not become effective, the Radio Holdings Warrants will remain outstanding and the amendments to the Radio Holdings Warrants pursuant to the Restated Warrant Agreement will not occur.

**Q. How does the Board of Directors of Company recommend that I vote on the proposals to approve the Charter Amendment and the issuance of shares of common stock in connection with the CMP Transaction?**

A. Your Board of Directors recommends a vote **FOR** approval of the Charter Amendment and **FOR** approval of the issuance of shares of Class A common stock and Class D common stock in connection with the CMP Transaction.

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**SUMMARY OF CMP TRANSACTION**

*This summary, together with the question and answer section, highlight some of the information discussed in greater detail elsewhere in this proxy statement. This summary may not contain all of the information that is important to you, and we urge you to read carefully the entire proxy statement, including the appendices, and the other documents we refer you to, in order to fully understand the transactions. You can also refer to *Where You Can Find More Information* on page 94 for additional information about Cumulus Media Inc.*

**The Parties**

***Cumulus Media Inc.***

Cumulus Media Inc.  
3280 Peachtree Road, N.W.  
Suite 2300  
Atlanta, Georgia 30305  
Telephone: (404) 949-0700  
<http://www.cumulus.com>

We are currently the second largest radio broadcasting company in the United States based on the number of stations owned or managed. As of December 31, 2010, we owned or managed 312 radio stations (including under local marketing agreements ( LMAS )) in 60 mid-sized United States media markets and operated 34 radio stations in eight markets, including San Francisco, Dallas, Houston and Atlanta, that are owned by CMP. We also provide sales and marketing services to 12 radio stations in the United States under LMAs. We own and manage, directly or through our investment in CMP, a total of 346 FM and AM radio stations in 68 United States markets.

Upon consummation of the CMP Acquisition and the acquisition (the *Citadel Acquisition* ) of Citadel Broadcasting Corporation ( *Citadel* ) as described under *Overview of Cumulus Media and CMP*, we expect to be the largest pure-play radio broadcasting company in the United States based on number of stations and revenue.

We are a Delaware corporation, organized in 2002, and successor by merger to an Illinois corporation with the same name that had been organized in 1997.

***Cumulus Media Partners, LLC***

Cumulus Media Partners, LLC  
3280 Peachtree Road, N.W.  
Suite 2300  
Atlanta, Georgia 30305

CMP, through Radio Holdings, owns 30 radio stations in eight markets, including San Francisco, Dallas, Houston, Atlanta, Cincinnati, Indianapolis, and Kansas City. Separately, through its indirectly wholly-owned subsidiary KC LLC, CMP owns two stations in the Kansas City market and two stations in the Houston market. CMP has entered into an agreement to dispose of KC LLC, although we expect to continue to manage those four stations pursuant to a management agreement.

Cumulus Media has managed CMP's business pursuant to a management agreement that was entered into with a subsidiary of CMP in May 2006. See The CMP Transaction Management Agreement.

**Date, Time And Place Of Annual Meeting**

The annual meeting will be held on [ ], [ ], 2011, at [ ], local time, at the Company's offices, 3280 Peachtree Road, N.W., Atlanta, Georgia 30305.



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### **Record Date**

The Record Date for determining the holders of shares of our outstanding common stock entitled to vote at the annual meeting is [ ], 2011. As of the Record Date, there were [ ] shares of our Class A common stock outstanding and [ ] shares of our Class C common stock outstanding representing an aggregate of [ ] votes.

### **Vote Required**

The affirmative vote of a majority of the votes cast at the annual meeting is required to approve the issuance of shares of our Class A common stock and Class D common stock pursuant to Proposal No. 2.

### **The Exchange Agreement**

In the CMP Acquisition, we have agreed with the CMP Sellers to acquire all of the outstanding equity interests of CMP not already owned by us. Pursuant to the terms of the Exchange Agreement, at the consummation of the CMP Acquisition, we expect to issue 3,315,238 shares of our Class A common stock to Blackstone and 3,315,238 shares of Class D common stock, which would be a new class of non-voting common stock created pursuant to the Charter Amendment, to each of Bain and THL. The shares of Class D common stock may be converted on a share-for-share basis into shares of Class A common stock at the option of the holder (subject to applicable regulatory requirements), and otherwise are treated equally with our Class A common stock.

We have entered into the Exchange Agreement with each of the CMP Sellers. A copy of that agreement is attached to this proxy statement as Appendix A. We urge you to read the Exchange Agreement carefully, as it is the legal document that governs the CMP Acquisition.

The Exchange Agreement may be terminated under the following circumstances:

by the mutual written consent of us and the specified representative of the CMP Sellers;

by either of us or the representative of the CMP Sellers, if:

stockholder approval of the issuance of shares of common stock in connection with the CMP Acquisition or the Charter Amendments is not obtained at this annual meeting;

the CMP Acquisition is not consummated by December 31, 2011; or

any governmental authority has enacted or issued any final and non-appealable law or order enjoining or otherwise prohibiting the consummation of the CMP Acquisition or transactions related thereto;

by us, upon a breach of any covenant, agreement, representation or warranty by any of the CMP Sellers that is incapable of being cured or, if capable of being cured, has not been cured within thirty days following receipt by the representatives of the CMP Sellers of notice of such breach; and

by the representative of the CMP Sellers, upon a breach of any covenant, agreement, representation or warranty by us that is incapable of being cured or, if capable of being cured, has not been cured within thirty days following receipt by us from the representative of the CMP Sellers of notice of such breach.

### **The Registration Rights Agreement**

We have agreed to enter into a registration rights agreement at the closing of the CMP Acquisition in which we will grant specified registration rights to the CMP Sellers with respect to the shares of our common stock being issued in connection with the CMP Transaction.

**The Voting Agreements**

In connection with our entry into the Exchange Agreement, each of Lewis W. Dickey, Jr., our Chairman, President and Chief Executive Officer, John W. Dickey, our Executive Vice President and Co-Chief Operating

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Officer and the brother of Lewis W. Dickey, Jr., their brothers David W. Dickey and Michael W. Dickey, and their father, Lewis W. Dickey, Sr. (collectively, the Dickeys ) executed a voting agreement (the Dickey Voting Agreement ) pursuant to which the Dickeys agreed to vote the shares of our common stock beneficially owned by them in favor of the Charter Amendment and the issuance of shares of our common stock in connection with the CMP Acquisition at any meeting of stockholders called on which such matters are presented for approval. The shares of our common stock beneficially owned by the Dickeys represent in the aggregate approximately 50% of the outstanding voting power of our common stock.

In connection with our entry into of the Exchange Agreement, each of Banc of America Capital Investors SBIC, L.P. and BA Capital Company, LP (the BofA Entities ), which currently hold shares of our Class B common stock representing approximately 4% of the outstanding voting power of our common stock, executed a voting agreement (the BofA Voting Agreement and, with the Dickey Voting Agreement, the Voting Agreements ) that is substantially similar to the Dickey Voting Agreement. Pursuant to the BofA Voting Agreement, the BofA Entities also agreed to vote the shares of our common stock beneficially owned by them in favor of the Charter Amendment and the issuance of shares of our common stock in connection with the CMP Acquisition at any meeting of stockholders called on which such matters are presented for approval.

## **The Restated Warrant Agreement**

In connection with the CMP Acquisition, on [ ], 2011, holders of the requisite majority of the outstanding Radio Holdings Warrants entered into a written consent to the Radio Holdings Warrant Agreement pursuant to which the Radio Holdings Warrant Agreement would be amended and restated in its entirety on the closing date of the CMP Acquisition and the Restated Warrant Agreement would thereafter set forth the terms pertaining to the CMP Warrants. Pursuant to the Restated Warrant Agreement, the outstanding CMP Warrants will become exercisable, commencing on the CMI Delivery Date, for an aggregate of 8,267,968 shares of our Class D common stock on the terms and subject to the conditions set forth in the Restated Warrant Agreement. Following the issuance of shares of our Class D common stock upon a Warrant Exercise, such shares of Class D common stock will be convertible by their terms into shares of our Class A common stock at the times and in the manner discussed under the heading Proposal No. 1 Description of Class D Common Stock Convertibility of Class D Common Stock into Class A Common Stock.

The Restated Warrant Agreement will be entered into on the date of the closing of the CMP Acquisition. The Class D common stock issuable upon exercise of the CMP Warrants will be created pursuant to the Charter Amendment. Receipt of stockholder approval of the Charter Amendment is a condition to the consummation of the CMP Acquisition and, thus, the effectiveness of the Restated Warrant Agreement. Consummation of the CMP Acquisition is also a condition to the effectiveness of the Restated Warrant Agreement. If such approval is not obtained or the CMP Acquisition is not consummated, the Restated Warrant Agreement will not become effective, the Radio Holdings Warrants will remain outstanding and the amendments to the Radio Holdings Warrants pursuant to the Restated Warrant Agreement will not occur.

## **Reasons for CMP Transaction**

Our Board of Directors has determined that the CMP Transaction is in the best interests of our stockholders and has recommended that our stockholders approve the issuance of shares of our common stock in connection with the CMP Transaction. The decision of our Board of Directors was based upon a number of potential benefits of the CMP Transaction and other factors that it believes could contribute to the success of our company, and thus inure to the benefit of our stockholders, including the following, which are described further under The CMP Transaction Reasons for CMP Transaction :

A more diversified and strategic national platform;

Anticipated accretion to earnings;

Increased size and scale of operations;

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Increased equity market capitalization and liquidity; and

Strengthened capital base to position us for strategic acquisitions.

After considering all of the relevant positive and negative factors, as well as the form and amount of consideration to be paid, our Board of Directors concluded that, on balance, the potential benefits of the CMP Transaction to us and our stockholders outweighed the associated risks.

**Opinion of Cumulus Media's Financial Advisor**

On January 31, 2011, at a meeting of our Board of Directors held to evaluate the CMP Transaction, Moelis & Company ( Moelis ) delivered its oral opinion, which was later confirmed in writing, that based upon and subject to the conditions and limitations and qualifications set forth in its written opinion, as of January 31, 2011, the exchange ratio in the CMP Acquisition was fair, from a financial point of view, to Cumulus Media. A copy of the opinion is attached as Appendix B to this proxy statement. You are urged to read the opinion in its entirety.

**Interests of Principal Officers and Directors in the CMP Acquisition**

On January 31, 2010, Mr. David M. Tolley, a Senior Managing Director of Blackstone and a director of CMP, joined our Board of Directors. Mr. Tolley has been designated to serve as a director by Blackstone pursuant to the Voting Agreements.

In accordance with the Exchange Agreement, Mr. Tolley is entitled to the same compensation, if any, the same indemnification in connection with his role as a director and the same reimbursement for documented, reasonable out-of-pocket expenses incurred in attending meetings of the Board of Directors (or any committee thereof) as is received by the other members of our Board of Directors.

A limited partnership in which Mr. L. Dickey, Jr., Mr. J. Dickey and other members of the Dickey family indirectly own a 1/3 equity interest, but that is not otherwise affiliated with us or CMP, is the beneficial holder of Radio Holdings Warrants exercisable for 1,350,707 shares of Radio Holdings common stock. Upon effectiveness of the Restated Warrant Agreement, these Radio Holdings Warrants will initially be exercisable on the day following the CMI Delivery Date for a total of 2,985,278 shares of our Class D common stock. In connection with and as a result of the effectiveness of the Restated Warrant Agreement, these members of the Dickey family may be deemed to beneficially own 995,092 additional shares of our common stock beginning on the date that is 60 days prior to the date on which the CMP Warrants become exercisable.

**Recommendation of the Board of Directors**

Your Board of Directors recommends that you vote **FOR** the approval of the issuance of shares of our Class A common stock and Class D common stock pursuant to Proposal No. 2.

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**OVERVIEW OF CUMULUS MEDIA AND CMP**

**Cumulus Media Inc.**

Cumulus Media Inc.  
3280 Peachtree Road, N.W.  
Suite 2300  
Atlanta, Georgia 30305  
Telephone: (404) 949-0700  
<http://www.cumulus.com>

***Company Overview***

We are currently the second largest radio broadcasting company in the United States based on the number of stations owned or managed. As of December 31, 2010, we owned or managed 312 radio stations (including under LMAs) in 60 mid-sized United States media markets and operated 34 radio stations in eight markets, including San Francisco, Dallas, Houston and Atlanta, that are owned by CMP. We also provide sales and marketing services to 12 radio stations in the United States under LMAs. We own and manage, directly or through our investment in CMP, a total of 346 FM and AM radio stations in 68 United States markets. For the year ended December 31, 2010 and the three months ended March 31, 2011, we had net revenues of \$263.3 million and \$57.9 million, respectively.

Upon consummation of the CMP Acquisition and the Citadel Acquisition as described below, we expect to be the largest pure-play radio broadcasting company in the United States based on number of stations and revenue. On a pro forma basis as adjusted to reflect the CMP Acquisition and the Citadel Acquisition, we will own or manage 567 stations in 120 United States markets and we would have had net revenues of approximately \$1.181 billion and \$253.2 million for the year ended December 31, 2010 and the three months ended March 31, 2011, respectively.

We are a Delaware corporation, organized in 2002, and successor by merger to an Illinois corporation with the same name that had been organized in 1997.

***Recent Issuance of Senior Notes***

On May 13, 2011, we issued \$610.0 million of senior notes due 2019 (the 2019 Notes ) in a private placement not subject to the registration requirements of the Securities Act of 1933 (the Securities Act ). The 2019 Notes are our senior unsecured obligations and are guaranteed by our subsidiaries. We used the proceeds from the sale of the 2019 Notes to repay all amounts outstanding under the term loan facility of our credit agreement, dated as of June 7, 2006 (the Existing Credit Agreement ), among Cumulus Media, the lenders party thereto and the administrative agent thereunder.

***Pending Transactions***

Our recently announced pending transactions in connection with the proposed expansion of our broadcasting operations include:

the CMP Acquisition, pursuant to which we have agreed to acquire the remaining 75% of the equity interests of CMP that we do not currently own in exchange for the issuance of shares of our common stock;

the Citadel Acquisition, pursuant to which we have agreed to acquire Citadel for an aggregate purchase price of approximately \$2.4 billion, payable in a combination of cash and shares of our common stock, and the assumption of outstanding debt, which will be refinanced as part of the Global Refinancing (defined herein);

an equity investment (the Equity Investment ), pursuant to which affiliates of Crestview Partners ( Crestview ), Macquarie Capital (USA) Inc. ( Macquarie ) and UBS Securities LLC ( UBS Securities ) have agreed to invest up to an aggregate of \$500.0 million in our equity securities, the

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proceeds of which would be used to pay a part of the cash portion of the purchase price for the Citadel Acquisition; and

the financing transaction necessary to complete the Citadel Acquisition, which we refer to herein as the Global Refinancing, pursuant to which we intend to refinance an aggregate of \$1.4 billion (as of December 31, 2010, and after giving effect to the issuance of the 2019 Notes and the use of proceeds thereof (the 2019 Notes Offering )) in outstanding senior and subordinated indebtedness of each of (i) us (other than the 2019 Notes), (ii) CMP Susquehanna Corporation, an indirectly wholly-owned subsidiary of CMP ( CMPSC ), and (iii) Citadel, as well as preferred stock of Radio Holdings having an aggregate redemption value of \$38.0 million (as of December 31, 2010), all pursuant to a debt commitment letter (the Debt Commitment ) that provides for up to \$2.525 billion in senior secured financing pursuant to the Acquisition Credit Facility (defined herein).

***The Citadel Acquisition***

On March 9, 2011, we entered into an Agreement and Plan of Merger (the Citadel Merger Agreement ) with Citadel, Cadet Holding Corporation, a direct wholly-owned subsidiary of the Company ( Holdco ), and Cadet Merger Corporation, an indirect, wholly-owned subsidiary of the Company ( Merger Sub ). Pursuant to the Citadel Merger Agreement, at the closing, Merger Sub will merge with and into Citadel, with Citadel surviving the merger as an indirect, wholly-owned subsidiary of the Company (the Merger ). At the effective time of the Merger, each outstanding share of common stock and warrant of Citadel will be converted automatically into the right to receive, at the election of the holder (subject to certain limitations set forth in the Citadel Merger Agreement), (i) \$37.00 in cash, (ii) 8.525 shares of our Class A common stock, or (iii) a combination thereof (the Citadel Acquisition Consideration ). Additionally, in connection with and prior to the Merger, (a) each outstanding unvested option to acquire shares of Citadel common stock issued under Citadel s equity incentive plan will automatically vest, and all outstanding options at the effective time of the Merger will be deemed exercised pursuant to a cashless exercise, with the resulting net number of Citadel shares to be converted into the right to receive the Citadel Acquisition Consideration, and (b) each outstanding warrant to purchase Citadel common stock will be adjusted to become exercisable for the Citadel Acquisition Consideration, subject to any applicable FCC limitations. Holders of unvested restricted shares of Citadel common stock will be eligible to receive the Citadel Acquisition Consideration for their shares pursuant to the original vesting schedule of such shares. Elections by Citadel stockholders are subject to adjustment so that the maximum number of shares of our Class A common stock that may be issued in the Merger is 151,485,282 (excluding any shares of common stock that may be issued upon the exercise of stock options to purchase shares of Citadel common stock prior to the closing date of the Citadel Acquisition) (the Maximum Stock Cap ) and the maximum amount of cash payable by us in the Merger is \$1,408,728,600 (assuming no shares of common stock are issued upon the exercise of stock options to purchase shares of Citadel common stock prior to the closing of the Citadel Acquisition) (the Maximum Cash Cap ). If all 151,485,282 shares of Class A common stock were issued in the Merger as of March 31, 2011, the number of shares of Class A common stock outstanding on that date assuming the issuance of shares of Class A common stock pursuant to the CMP Acquisition, Warrant Exercise and Class D Conversions (and assuming all CMP Warrants are exercised and shares of Class D common stock are converted in full), would have been 205,767,262.

Citadel is the third largest radio broadcasting company in the United States based on net radio revenue. Citadel s primary business segment is the ownership and operation of radio stations, which, as of December 31, 2010, consisted of 225 radio stations located in over 50 markets across the United States. In addition, Citadel owns and operates Citadel Media, one of the largest radio networks in the country, which produces and distributes a variety of radio programming and formats that are syndicated across approximately 4,000 station affiliates and 9,000 program affiliations, including ABC Radio News.



You are not being asked to approve the Citadel Acquisition or the issuance of shares of our common stock in connection therewith, or the related amendment to our Charter. On March 9, 2011, concurrent with the execution of the Citadel Merger Agreement, stockholders holding approximately 54% of the voting power of our outstanding common stock executed written consents approving the issuance of our securities pursuant

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to the Citadel Acquisition, as well as related amendments to our certificate of incorporation. No further action by our stockholders is required to complete the Citadel Acquisition.

### ***The Equity Investment***

Concurrently with the execution of the Citadel Merger Agreement, we entered into an Investment Agreement (the Investment Agreement ) with Crestview Radio Investors, LLC, an affiliate of Crestview, MIHI LLC, an affiliate of Macquarie ( MIHI ) and, by amendment, UBS Securities (such investors, collectively, the Investors ), providing for the Equity Investment. Pursuant to the Investment Agreement, the Investors have committed to purchase for cash up to an aggregate of \$500.0 million in shares of our stock, or warrants to purchase stock, at a purchase price per share of \$4.34. Specifically, Crestview has agreed to purchase up to \$250.0 million in shares of our Class A common stock and MIHI and UBS Securities have each agreed to purchase up to \$125.0 million in shares of common stock or warrants, which will be immediately exercisable at an exercise price of \$0.01 per share, for shares of a newly created class of our non-voting common stock. MIHI may, at its option, elect to instead receive shares of a newly created class of perpetual redeemable non-convertible preferred stock. MIHI and UBS Securities will also be permitted to syndicate up to \$45.0 million and \$125.0 million, respectively, of their respective commitments to one or more third party investors, subject to certain limitations set forth in the Investment Agreement. If the Citadel Acquisition Consideration is not paid at the Maximum Cash Cap, the Investors' commitments will be reduced, subject to a minimum investment of \$395.0 million. In connection with the Equity Investment, the Investors will be entitled to receive certain fees from us.

You are not being asked to approve the Equity Investment or the issuance of shares of our common stock in connection therewith.

### ***The Global Refinancing***

In connection with the Citadel Merger Agreement and the Investment Agreement, we obtained the Debt Commitment from a group of banks affiliated with certain of the initial purchasers in the 2019 Notes Offering, pursuant to which they have committed to provide financing for us to complete the Citadel Acquisition and the Global Refinancing. In accordance with the Debt Commitment, we expect to enter into the Acquisition Credit Facility with a syndicate of lenders, agents and arrangers, including JPMorgan Chase Bank, N.A. ( JPMCB ), UBS Loan Finance LLC ( UBS Finance ), MIHI, Royal Bank of Canada ( RBC ) and ING Capital LLC ( ING Capital ) as lenders and agents, and J.P. Morgan Securities LLC ( JPMorgan ), UBS Securities, Macquarie and RBC Capital Markets, LLC ( RBC Capital Markets ) as joint lead arrangers and joint book-runners, and ING Capital as co-syndication agent.

We expect that the Acquisition Credit Facility will provide senior secured financing of \$2.525 billion, consisting of:

- a \$2.150 billion term loan facility, with a maturity date that is seven years from the closing of the Citadel Acquisition; and

- a \$375.0 million revolving credit facility, with a maturity date that is five years from the closing of the Citadel Acquisition.

Our expected borrowings under each of the term loan facility and the revolving credit facility at the closing of the Citadel Acquisition will depend upon the aggregate amount of cash the Citadel stockholders elect to receive pursuant to the Citadel Merger Agreement and whether CMP is then designated as a restricted subsidiary under the documents governing our indebtedness.

The Debt Commitment also included commitments from the lenders for \$500.0 million in senior unsecured bridge financing (the Acquisition Bridge Facility ). As a result of the 2019 Notes Offering, we have eliminated the need to borrow under the Acquisition Bridge Facility, and the lenders commitments thereunder have been reduced. The Debt Commitment also provides the lenders with the right to reallocate a portion of the amount expected to be borrowed as part of the term loan under the Acquisition Credit Facility to the Acquisition Bridge Facility.

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We currently anticipate that, in connection with the consummation of the Citadel Acquisition and the Global Refinancing, and as a result of our use of the proceeds of the 2019 Notes Offering to repay the \$575.8 million outstanding as of March 31, 2011, under the term loan facility of our Existing Credit Agreement and assuming that we complete the CMP Acquisition as planned prior to the Citadel Acquisition, we will utilize proceeds from the Equity Investment and the Global Refinancing as follows:

approximately \$1.256 billion to fund the cash portion of the purchase price in the Citadel Acquisition (assuming the payment of the modified Maximum Cash Cap);

approximately \$659.8 million (based on amounts outstanding at March 31, 2011) to repay all amounts outstanding under the CMPSC Credit Facilities, the CMP 9.875% Notes and the CMP 2014 Notes (each as defined herein under **Background** ), and to redeem in accordance with their terms all outstanding shares of preferred stock of Radio Holdings, with an aggregate redemption value of \$38.0 million (collectively, the **CMP Refinancing** );

approximately \$787.2 million (based on amounts outstanding at March 31, 2011) to repay all amounts outstanding, including any accrued interest and the premiums thereon, under Citadel's existing credit agreement and its senior notes due 2018; and

approximately \$114.9 million to pay estimated fees and expenses related to the Citadel Acquisition, the Equity Investment and the Acquisition Credit Facility.

We expect that upon completion of the CMP Refinancing, CMP and its subsidiaries will become restricted subsidiaries and guarantors of our obligations, under the agreements governing the new indebtedness.

Consummation of each of the pending transactions, including the CMP Acquisition, the Citadel Acquisition and the Equity Investment, is subject to various customary closing conditions. See **The CMP Transaction** for a description of the material terms and conditions, including closing conditions, relating to the CMP Acquisition. For the Citadel Acquisition, the closing conditions include, but are not limited to (i) regulatory approval by the FCC; (ii) the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended ( **HSR Act** ); and (iii) the absence of any material adverse effect on Citadel or us, as the case may be. The consummation of the Equity Investment is also subject to regulatory approval by the FCC and the expiration or early termination of any waiting period under the HSR Act, as well as our completion of the Citadel Acquisition. Our ability to borrow under the Acquisition Credit Facility and the Acquisition Bridge Facility will be subject to various conditions, including, among others (i) the consummation of the Citadel Acquisition in accordance with the terms of the Citadel Merger Agreement; (ii) the receipt of the net cash proceeds from the Equity Investment; and (iii) the absence of any material adverse effect on our business. We currently anticipate that the CMP Acquisition will be completed in the third quarter of 2011 and the Citadel Acquisition and the related Global Refinancing, including the Equity Investment, will be completed prior to the end of 2011.

The actual timing of each of these proposed and pending transactions will depend upon a number of factors, including the various conditions set forth in the respective transaction agreements. There can be no assurance that any of such pending or proposed transactions will be consummated or that, if any of such transactions is consummated, the timing or terms thereof will be as described herein and as presently contemplated.

### **Cumulus Media Partners, LLC**

Cumulus Media Partners, LLC  
3280 Peachtree Road, N.W.

Suite 2300  
Atlanta, Georgia 30305

CMP, through Radio Holdings, owns 30 radio stations in eight markets, including San Francisco, Dallas, Houston, Atlanta, Cincinnati, Indianapolis, and Kansas City. Separately, through its indirectly wholly-owned subsidiary KC LLC, CMP owns two stations in the Kansas City market and two stations in the Houston

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market. CMP has entered into an agreement to dispose of KC LLC, although we expect to continue to manage those four stations pursuant to a management agreement.

Cumulus Media has managed CMP's business pursuant to a management agreement that was entered into with a subsidiary of CMP in May 2006. See "The CMP Transaction" Management Agreement.

## **THE CMP TRANSACTION**

### **The CMP Acquisition**

In the CMP Acquisition, we have agreed with the CMP Sellers to acquire all of the outstanding equity interests of CMP not already owned by us. Pursuant to the terms of the Exchange Agreement, at the consummation of the CMP Acquisition, we expect to issue 3,315,238 shares of our Class A common stock to Blackstone and 3,315,238 shares of Class D common stock, which would be a new class of non-voting common stock created pursuant to the Charter Amendment, to each of Bain and THL. The shares of Class D common stock may be converted on a share-for-share basis into shares of Class A common stock at the option of the holder (subject to applicable regulatory requirements), and otherwise are treated equally with our Class A common stock.

We have entered into the Exchange Agreement with each of the CMP Sellers. This description of the Exchange Agreement is only a summary of its material terms and is qualified by reference to the actual text of the Exchange Agreement, a copy of which is attached to this proxy statement as Appendix A. We urge you to read the Exchange Agreement carefully, as it is the legal document that governs the CMP Acquisition.

### **Conditions to the Completion of the CMP Acquisition**

The CMP Acquisition will not occur unless the FCC approves the transfer of control of the licenses held by CMP's subsidiaries to us. We have filed, jointly with CMP and its subsidiaries, applications with the FCC for the transfer of control of CMP's subsidiaries holding the licenses, permits and authorizations used by CMP's radio stations. The filing fees and other costs relating to these applications will be shared equally by us and CMP. We have also agreed in the Exchange Agreement to sell any media interest we acquire after the date of the Exchange Agreement if such sale is necessary to obtain FCC approval.

The Exchange Agreement provides that the CMP Acquisition cannot be completed unless and until an FCC order approving the transfer of control of the licenses, permits and authorizations used by CMP's subsidiaries becomes a final order. If the FCC has not approved such transfer by issuing a final order by December 31, 2011, either we or the CMP Sellers may terminate the Exchange Agreement. Under applicable law and FCC rules, a preliminary order will become final if it has not been challenged by third parties or changed by the FCC itself within certain prescribed time limits. On February 23, 2011, we received an initial order from the FCC approving the transfer of control of the licenses, permits and authorizations used by CMP's subsidiaries to us, and we expect the order to become final at the close of business on [ ], 2011.

In addition to receipt of the final FCC order described above and other customary closing conditions, the respective obligations of each party to consummate the CMP Acquisition are subject to:

the approval by our stockholders of the Charter Amendment and the issuance of shares of our common stock pursuant to the CMP Acquisition;

the approval for listing on the NASDAQ Global Market of the shares of Class A common stock to be issued in connection with the CMP Acquisition;

the filing of and acceptance by the Delaware Secretary of State of the Charter Amendment; and

the expiration or early termination of any waiting period (and any extension thereof) applicable to the consummation of the CMP Acquisition under the HSR Act.

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**The Exchange Agreement**

***Representations and Warranties***

We have made representations and warranties in the Exchange Agreement about us, our material subsidiaries and respective businesses, which representations and warranties are customary for a transaction of this nature. These representations and warranties relate to:

our and our subsidiaries' corporate existence, power and qualification to do business;

our capital structure;

the necessary corporate authorization and governmental approvals for us and our subsidiaries to enter into the Exchange Agreement and the applicable transaction documents and to carry out the transactions contemplated thereby;

the absence of a breach of our or our subsidiaries' articles of incorporation, bylaws, or material agreements, or any violation of laws to which we or our subsidiaries are subject, as a result of entering into the Exchange Agreement and the CMP Acquisition;

our SEC reports and the compliance of our financial statements with applicable accounting requirements;

the conduct of our and our subsidiaries' respective businesses;

outstanding or threatened litigation against or affecting us or our subsidiaries;

compliance by us and our subsidiaries with applicable laws and orders;

the validity of our and our subsidiaries' interest in real property, other tangible assets and intellectual property;

certain material contracts of us and our subsidiaries;

insurance policies maintained by or on behalf of us and our subsidiaries;

environmental matters relating to us and our subsidiaries;

employee benefit plans of us and our subsidiaries;

labor matters relating to us and our subsidiaries;

the absence of any undisclosed liabilities of us and our subsidiaries;

taxes and tax returns of us and our subsidiaries;

related-party relationships of our and our subsidiaries' controlled affiliates, officers or directors;

brokers' or finders' fees and expenses related to the Exchange Agreement and transactions contemplated thereby;



the vote required in connection with the Exchange Agreement and transactions contemplated thereby;

the recommendation of our Board of Directors in connection with the Exchange Agreement and transactions contemplated thereby;

the information to be contained in the proxy statement supplied in connection with the Exchange Agreement and transactions contemplated thereby; and

our knowledge of breaches or inaccuracies of any of the representations and warranties made by the CMP Sellers regarding CMP or its subsidiaries contained in the Exchange Agreement.

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The CMP Sellers, severally and not jointly, have made representations and warranties in the Exchange Agreement about CMP, its material subsidiaries and their respective businesses, which representations and warranties are customary for a transaction of this nature. These representations and warranties relate to:

CMP's and its subsidiaries' corporate existence, power and qualification to do business;

the CMP Sellers' ownership interest in CMP and CMP's capital structure;

the necessary corporate authorization and governmental approvals for CMP and its subsidiaries to enter into the Exchange Agreement and the applicable transaction documents and carry out the transactions contemplated thereby;

the absence of a breach of CMP or its subsidiaries' articles of incorporation, bylaws, or material agreements, or any violation of laws to which CMP or its subsidiaries are subject, as a result of entering into the Exchange Agreement and the CMP Acquisition;

compliance of CMP's financial statements with generally accepted accounting principles;

the conduct of CMP and its subsidiaries' respective businesses;

outstanding or threatened litigation against or affecting CMP or its subsidiaries;

compliance by CMP and its subsidiaries with applicable laws and orders;

the validity of CMP and its subsidiaries' interest in real property, other tangible assets and intellectual property;

certain material contracts of CMP and its subsidiaries;

insurance policies maintained by or on behalf of CMP and its subsidiaries;

environmental matters relating to CMP and its subsidiaries;

employee benefit plans of CMP and its subsidiaries;

labor matters relating to CMP and its subsidiaries;

the absence of any undisclosed liabilities of CMP and its subsidiaries;

taxes and tax returns of CMP and its subsidiaries;

related-party relationships of controlled affiliates, officers or directors of CMP and its subsidiaries; and

brokers' or finders' fees and expenses related to the Exchange Agreement and transactions contemplated thereby.

***Covenants***

From the date of the Exchange Agreement to the effective date of the CMP Acquisition, we have agreed to conduct our and CMP's business in all material respects in the ordinary course of business, consistent with past practices and in accordance with the management agreement (described herein) pursuant to which we currently manage the business of CMP. Specifically, we have agreed that we will use commercially reasonable efforts to:

keep and maintain our and CMP's respective assets, rights and properties in substantially the same operating condition and repair (normal wear and tear excepted) as currently maintained;

maintain and preserve intact our and CMP's respective business organization and permits, and maintain and preserve our and CMP's respective relationships with the suppliers, licensors, licensees, franchisees, distributors, officers, employees, customers and others having business relations with us and CMP, respectively;

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continue all existing insurance policies in full force and effect and at least at such levels as are in effect on the date of the Exchange Agreement, or to replace any such policies with equivalent replacements; and

comply with all applicable laws, orders and collective bargaining agreements.

In addition, we have made the following covenants:

to undertake a fair market valuation (a FMV ) of the equity interests of CMP and to file a Notification and Report Form pursuant to the HSR Act within specified periods;

to undertake a new FMV every thirty days until the consummation of the CMP Acquisition (with certain exceptions) and to file a Notification and Report Form pursuant to the HSR Act within specified periods;

to make certain other filings pursuant to applicable antitrust laws and to furnish promptly any additional information that may be requested pursuant to the HSR Act or any other antitrust law;

to take certain actions to effect the sale, divestiture, license or other disposition of such assets or businesses of us or our subsidiaries or, effective as of the closing of the CMP Acquisition, CMP or any of its subsidiaries, as may be required in order to avoid the commencement of any action, suit or proceeding to prohibit the transactions pursuant to the Exchange Agreement, subject to certain limitations and conditions;

to file jointly with CMP applications with the FCC requesting its consent to transfer control of CMP (the Transfer of Control Applications ) and use commercially reasonable efforts to obtain the grant of the Transfer of Control Applications;

to prepare and file with the SEC a proxy statement to be sent to our stockholders in connection with a stockholders meeting at which the issuance of shares in connection with the Charter Amendment and the issuance of shares of our common stock pursuant to the CMP Acquisition would be proposed and to take certain other actions in connection therewith;

to cause CMP s federal, state and local tax returns for the taxable years or periods that end on or prior to the closing date of the CMP Acquisition to be prepared and timely filed consistent with past practice, except as may be required by law;

to use our reasonable best efforts to cause the shares of Class A common stock to be issued to the CMP Sellers in connection with the CMP Acquisition and the Class D Conversion of shares of Class D common stock issued pursuant to the CMP Acquisition to be approved for listing on the NASDAQ Global Market, subject to official notice of issuance, as promptly as practicable, and in any event before the closing of the CMP Acquisition;

prior to the closing of the CMP Acquisition, to obtain a tail insurance policy with respect to directors and officers liability insurance and fiduciary liability insurance for all past and present directors, officers and employees of CMP and its subsidiaries (in all of their capacities) and all fiduciaries under any of CMP s benefit plans;

to nominate a representative designated by Blackstone for election to our Board of Directors for the next three successive annual meetings of our stockholders, until such time that Blackstone (together with its affiliates) ceases to beneficially own our common stock representing at least one-half of the aggregate amount of stock

consideration Blackstone will receive upon consummation of the CMP Acquisition;

to terminate certain existing agreements between us and CMP; and

to take certain actions relating to the exchange of new shares of Class A common stock for an equal number of shares of Class D common stock, subject to receipt by us from the applicable CMP Seller of such reasonable assurances as to ownership of the applicable shares and such other documentation (which shall be in customary form) as we may reasonably request.

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Finally, we and the CMP Sellers mutually agreed, among other things, to:

consult and cooperate with one another, and take certain other actions, to obtain required consents, clearances or approvals under applicable antitrust laws to enable all waiting periods thereunder to expire;

take certain actions with respect to the Transfer of Control Applications; and

assist and cooperate with the other parties in doing all things necessary, proper or advisable to consummate and make effective the transactions contemplated by the Exchange Agreement.

## ***Termination***

The Exchange Agreement may be terminated under the following circumstances:

by the mutual written consent of us and the specified representative of the CMP Sellers;

by either of us or the representative of the CMP Sellers, if:

stockholder approval of the issuance of shares of common stock in connection with the CMP Acquisition or the Charter Amendment is not obtained at this annual meeting;

the CMP Acquisition is not consummated by December 31, 2011; or

any governmental authority has enacted or issued any final and non-appealable law or order enjoining or otherwise prohibiting the consummation of the CMP Acquisition or transactions related thereto;

by us, upon a breach of any covenant, agreement representation or warranty by any of the CMP Sellers that is incapable of being cured or, if capable of being cured, has not been cured within thirty days following receipt by the representatives of the CMP Sellers of notice of such breach; and

by the representative of the CMP Sellers, upon a breach of any covenant, agreement representation or warranty by us that is incapable of being cured or, if capable of being cured, has not been cured within thirty days following receipt by us from the representative of the CMP Sellers of notice of such breach.

## ***Indemnification***

We have agreed to indemnify the CMP Sellers (in accordance with their proportionate pro-forma ownership percentage of Cumulus Media determined as set forth in the Exchange Agreement) for losses resulting from a breach or inaccuracy of any representation or warranty we gave or a failure to fulfill any post-closing covenant or agreement that we are obligated to fulfill under the Exchange Agreement.

The CMP Sellers have, severally and not jointly, agreed to indemnify us and our subsidiaries for losses resulting from a breach or inaccuracy of a representation or warranty they gave or a failure to fulfill any covenant or agreement that they are obligated to fulfill under the Exchange Agreement.

In addition, in the Exchange Agreement we agreed to pay to the CMP Sellers an additional indemnity amount if the fees and other costs incurred in connection with any amendment or waiver to our Existing Credit Agreement in respect of any failure during 2011 to comply with the leverage ratio thereunder were to exceed one percent (1%) of the

outstanding principal balance and unpaid interest owed thereunder. In conjunction with the retirement of the term debt under the Existing Credit Agreement with the proceeds from the offering of the 2019 Notes, such agreement was amended to remove the leverage ratio. No fee was paid with respect of this amendment.

Generally, each representation, warranty, indemnification, covenant and agreement by the parties to the Exchange Agreement will survive the effective date of the CMP Acquisition and will terminate nine (9) months after such date. However, the representations of us and the CMP Sellers with respect to organization, capitalization, brokers or finders, title to units, authorization and validity of agreement (each, a Fundamental Representation ) will survive indefinitely, all covenants required to be performed in whole or in

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part prior to closing will terminate at closing and all covenants required to be performed in whole or in part following the closing will survive for a period of 90 days following the date on which the performance of such covenants is required to be completed. Any party seeking indemnification must deliver to the applicable indemnifying party a claim notice in writing within the applicable survival period.

Claims for indemnification (other than in connection with a breach or inaccuracy of a Fundamental Representation) are subject to a cap of 994,572 shares of our common stock (the Indemnification Cap ). In addition, we are not subject to any liability arising from or in connection with the Exchange Agreement or transactions contemplated therein which would result in payment to the CMP Sellers a number of shares of our common stock in excess of the number of shares of our common stock issued to the CMP Sellers at the closing of CMP Acquisition. Claims for indemnification (other than in connection with a breach or inaccuracy of a Fundamental Representation) are also subject to a threshold of 99,457 shares of our common stock (the Indemnification Threshold ), and no party will have any liability arising from or in connection with any breach or inaccuracy of their respective representations and warranties (other than in connection with a breach or inaccuracy of a Fundamental Representation) until the aggregate of all losses for such breaches or inaccuracies exceeds the Indemnification Threshold. After that, the party must reimburse for all amounts in excess of the Indemnification Threshold but only up to the Indemnification Cap.

## **Registration Rights Agreements**

We have agreed to enter into a registration rights agreement at the closing of the CMP Acquisition in which we will grant specified registration rights to the CMP Sellers with respect to the shares of our common stock being issued in connection with the CMP Transaction.

Pursuant to the registration rights agreement, we will agree to prepare and file with the SEC one or more registration statements that will cover the resale, on a continuous basis, of all of the shares of Class A common stock issued in connection with the CMP Acquisition or upon the Class D Conversions. With respect to the shares of our Class A common stock held by the CMP Sellers, we will be required to file the registration statements and to use our reasonable best efforts to cause the registration statements to be declared effective by the SEC within nine months after the closing date of the CMP Acquisition. The registration rights agreement will also provide both the CMP Sellers and the holders of the CMP Warrants with certain demand and piggyback registration rights.

## **Voting Agreements**

In connection with our entry into the Exchange Agreement, each of the Dickeys executed the Dickey Voting Agreement pursuant to which the Dickeys agreed to vote the shares of our common stock beneficially owned by them in favor of the Charter Amendment and the issuance of shares of our common stock in connection with the CMP Acquisition at any meeting of stockholders called on which such matters are presented for approval. The shares of our common stock beneficially owned by the Dickeys represent in the aggregate approximately 50% of the outstanding voting power of our common stock. The Dickeys also agreed in the Dickey Voting Agreement to vote all of their shares in favor of a director nominee designated by Blackstone.

In connection with our entry into the Exchange Agreement, each of the BofA Entities, which currently hold shares of our Class B common stock representing approximately 4% of the outstanding voting power of our common stock, executed the BofA Voting Agreement, which is substantially similar to the Dickey Voting Agreement. Pursuant to the BofA Voting Agreement, the BofA Entities also agreed to vote the shares of our common stock beneficially owned by them in favor of the Charter Amendment and the issuance of shares of our common stock in connection with the CMP Acquisition at any meeting of stockholders called on which such matters are presented for approval. The BofA Entities also agreed in the BofA Voting Agreement to vote all of their shares in favor of a director nominee designated by Blackstone.



Accordingly, pursuant to the Voting Agreements, we have received commitments from holders of approximately 54% of the outstanding voting power of our common stock to vote in favor of Proposal Nos. 1

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and 2 and for the election of Mr. David M. Tolley as a director pursuant to Proposal No. 3, and we expect such proposals to be approved.

### **Management Agreement**

In connection with the formation of CMP in 2006, we entered into a management agreement with a subsidiary of CMP pursuant to which our personnel manage the operations of CMP's subsidiaries. The agreement provides for us to receive, on a quarterly basis, a management fee equal to the greater of (i) \$4.0 million per annum or (ii) 4.0% of the CMP subsidiaries' annual Adjusted EBITDA (defined as earnings before interest, taxes, depreciation and amortization on a consolidated basis, calculated before deduction of the management fee and a monitoring fee payable to the other members of CMP). We recorded as net revenues approximately \$4.0 million in management fees from CMP for each of the years ended December 31, 2010, 2009 and 2008. The management agreement remains in effect, and will be terminated on the earlier of (i) the completion of the CMP Acquisition or (ii) May 3, 2012.

### **The Restated Warrant Agreement**

#### ***Background***

In March 2009, Radio Holdings, pursuant to an exchange offer for the formerly outstanding 9.875% Senior Subordinated Notes due 2014 of CMPSC, issued, among other consideration, the Radio Holdings Warrants, which allow the holders thereof to purchase up to an aggregate of 3,740,893 shares of Radio Holdings' common stock at a per share purchase price of \$0.01 per share, all on the terms and conditions and pursuant to the provisions set forth in the Radio Holdings Warrant Agreement. In connection with the CMP Acquisition, on [ ], 2011, holders of the requisite majority of the outstanding Radio Holdings Warrants entered into a written consent to the Radio Holdings Warrant Agreement pursuant to which the Radio Holdings Warrant Agreement would be amended and restated in its entirety on the closing date of the CMP Acquisition and the Restated Warrant Agreement would thereafter set forth the terms pertaining to the CMP Warrants.

Pursuant to the Restated Warrant Agreement, the outstanding CMP Warrants will become exercisable, commencing on the CMI Delivery Date, for an aggregate of 8,267,968 shares of our Class D common stock (subject to adjustments for rounding for fractional shares in respect of warrant holders) on the terms and subject to the conditions set forth in the Restated Warrant Agreement. Following the issuance of shares of our Class D common stock upon a Warrant Exercise, such shares of Class D common stock will be convertible by their terms into shares of our Class A common stock at the times and in the manner discussed under the heading Proposal No. 1 Description of Class D Common Stock.

The Restated Warrant Agreement will provide that the CMP Warrants will expire on the earlier to occur of (i) March 26, 2019, and (ii) the later of (A) the 30th day succeeding the redemption in full of all of Radio Holdings' outstanding Series A Preferred Stock, par value \$0.01 per share and (B) the 90th day succeeding the CMI Delivery Date. The Restated Warrant Agreement will also remove the pre-emptive and tag-along rights previously included in the Radio Holdings Warrant Agreement, and holders of CMP Warrants will not be entitled to such rights.

In connection with their consent to the Restated Warrant Agreement, the holders of the Radio Holdings Warrants have agreed to terminate the existing registration rights agreement covering the resale of shares of Radio Holdings common stock issuable upon exercise of the Radio Holdings Warrants and will enter into a new registration rights agreement that will cover the resale, on a continuous basis, of all of the shares of Class A common stock issuable upon conversion of the Class D common stock received upon exercise of the CMP Warrants. See Registration Rights Agreements

*Conditions to the Effectiveness of the Restated Warrant Agreement*

The Restated Warrant Agreement will be entered into on the date of the closing of the CMP Acquisition. The Class D common stock issuable upon exercise of the CMP Warrants will be authorized pursuant to the

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Charter Amendment. Receipt of stockholder approval of the Charter Amendment is a condition to the consummation of the CMP Acquisition and, thus, the effectiveness of the Restated Warrant Agreement. Consummation of the CMP Acquisition is also a condition to the effectiveness of the Restated Warrant Agreement. If such approval is not obtained or the CMP Acquisition is not consummated, the Restated Warrant Agreement will not become effective, the Radio Holdings Warrants will remain outstanding and the amendments to the Radio Holdings Warrants pursuant to the Restated Warrant Agreement will not occur.

***Number of Shares of Class D Common Stock for Which CMP Warrants Will Be Exercisable***

Subject to adjustments described below, the CMP Warrants will initially be exercisable upon and after the day following the CMI Delivery Date for an aggregate of 8,267,968 shares of our Class D common stock (subject to adjustments for rounding for fractional shares in respect of warrant holders).

As described below, holders of CMP Warrants and the CMP Sellers will share proportionately, based on the number of shares of our common stock to be received by each, in the benefits and burdens of the indemnity provided for in the Exchange Agreement, with the number of shares of Class D common stock into which CMP Warrants will be exercisable subject to:

decrease in connection with the resolution of claims by us for indemnification related to specified breaches or inaccuracies of representations or warranties regarding CMP set forth in the Exchange Agreement (a Seller Indemnity Claim ); and

increase in connection with the resolution of claims by or on behalf of the CMP Sellers for indemnification related to specified breaches or inaccuracies of our representations or warranties set forth in Exchange Agreement or in connection with any amendment or waiver to our senior credit facility the costs of which exceeds an amount specified in the Exchange Agreement (a CMI Indemnity Claim ).

On the CMI Delivery Date, the number of shares of Class D common stock for which the CMP Warrants will be then exercisable will be reduced as described in the following paragraph, or reduced by a number of shares relating to then pending indemnification claims under the Exchange Agreement which may result in a reduction of the number of shares issuable pursuant to the exercise of the CMP Warrants pursuant to the following paragraph, with such shares for which the CMP Warrants may become exercisable relating to such pending claims to become so exercisable, or the reduction in this regard completed, at the time such pending claims are finally determined under the Exchange Agreement.

If the CMP Sellers are determined to be required to indemnify us for a Seller Indemnity Claim, then the number of shares of Class D common stock for which the CMP Warrants held by each holder are otherwise exercisable will be reduced by a number of shares (if including a fraction of a share, rounded down to the closest whole share number) equal to the Holders Share Indemnity Total (defined herein) in respect of such Seller Indemnity Claim multiplied by the Holder s Proportionate Share (defined herein) of such holder.

On the CMI Delivery Date (if any CMI Indemnity Claim has been finally determined prior to such date), and upon the final determination of any CMI Indemnity Claim after such date, the number of shares of Class D common stock for which CMP Warrants held by each holder are then exercisable will be increased by a number of shares (if including a fraction of a share, rounded up to the closest whole share number) equal to the Holders Share Indemnity Total in respect of such CMI Indemnity Claim multiplied by the Holder s Proportionate Share of such holder. Should such final determination occur subsequent to the CMI Delivery Date, Radio Holdings will cause us to deliver additional shares of Class D common stock, and the number of shares for which the CMP Warrants are then exercisable will be increased, each to give effect to the foregoing adjustments.

For purposes of the adjustments described above:

*Holder's Share Indemnity Total* means, as to any Seller Indemnity Claim or CMI Indemnity Claim, as the case may be, the number of shares of our common stock constituting the Seller's Share

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Indemnity Total or the CMI Share Indemnity Total, as the case may be, multiplied by a fraction, the numerator of which is 8,267,968 and the denominator is 9,945,714.

*Holder's Proportionate Share* means, with respect to any holder of CMP Warrants, (i) the number of shares of Class D common stock for which such holder may initially exercise its CMP Warrant under the Restated Warrant Agreement divided by (B) the number of all shares of Class D common stock for which all holders of CMP Warrants may initially exercise CMP Warrants under the Restated Warrant Agreement.

*Sellers' Share Indemnity Total* means, as to any Seller Indemnity Claim, the total number of shares of our common stock payable by the CMP Sellers to us required to satisfy such claim.

*CMI Share Indemnity Total* means, as to any CMI Indemnity Claim, the total number of shares of our common stock payable by us to the CMP Sellers required to satisfy such claim.

Radio Holdings will promptly notify each holder and the Warrant Agent of any adjustment in the number of shares of Class D common stock for which such holder's CMP Warrant is exercisable.

### ***Warrant Share Exchange Agreement***

On [ ], 2011, we entered into an agreement (the *Warrant Share Exchange Agreement*) with Radio Holdings pursuant to which we agreed to issue as directed by Radio Holdings the shares of Class D common stock that Radio Holdings is required to deliver to holders of the CMP Warrants upon their exercise pursuant to the Restated Warrant Agreement. Pursuant to the Restated Warrant Agreement, Radio Holdings has agreed that it will at all times obtain pursuant to the Warrant Share Exchange Agreement, and keep available for issuance upon the exercise of CMP Warrants, a number of shares of Class D common stock sufficient to permit the exercise in full of all CMP Warrants.

### **Background of the CMP Transaction**

We regularly review and evaluate our business strategy and strategic options in an effort to enhance stockholder value. As a part of those efforts, in October 2005 we announced the formation of CMP, a private partnership that we formed with affiliates of the CMP Sellers, and in May 2006 CMP completed the acquisition of the radio broadcasting business of Susquehanna Pfaltzgraff Corp. ( *Susquehanna* ) for approximately \$1.2 billion. At the time of its acquisition by CMP, Susquehanna was the largest privately owned radio broadcasting company in the United States and the 11th largest radio station operator in terms of revenue. While our historical focus had been on mid-sized radio markets in the United States, we recognized that large-sized radio markets provided an attractive combination of scale, stability and scalability for future growth.

In connection with the capitalization of CMP and the consummation of the acquisition of Susquehanna, we and the CMP Sellers, as the equityholders of CMP, entered into an equityholders' agreement (the *Equityholders Agreement* ), which set forth certain transfer restrictions, voting rights and powers of the equityholders of CMP with respect to CMP and its subsidiaries. The Equityholders Agreement provides, among other things, that (i) any significant action taken by CMP or its subsidiaries during the initial three years required the approval of Cumulus Media and the approval of a majority of the CMP Sellers and, thereafter, simply the approval of holders of a majority of the membership interests in CMP, (ii) Cumulus Media and the CMP Sellers have preemptive rights with respect to any new issuance of securities by CMP or its subsidiaries, and (iii) the parties may not transfer their equity interests in CMP, except under certain circumstances. The Equityholders Agreement also sets forth certain rights of first offer, tag-along rights and drag-along rights in the event of proposed transfers of equity interests in CMP. As part of those rights, in the event that any CMP Seller holding a majority of the voting interests of CMP intended to initiate a sale of CMP, such CMP Seller must first give notice to Cumulus Media and Cumulus Media would be entitled, within 20

business days after receiving that notice, to inform the CMP Seller of the price that Cumulus Media is willing to pay to acquire all equity interests of CMP held by the CMP Sellers, and the CMP Sellers would then have 30 days to accept or reject any such offer by Cumulus Media.

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In connection with the formation of CMP, CMPSC entered into a \$700.0 million senior secured term loan agreement and a \$100.0 million revolving credit agreement (together, the CMPSC Credit Facilities ) and issued \$250.0 million in aggregate principal amount of 9.875% Senior Subordinated Notes due 2014 (the CMP 9.875% Notes ), which are guaranteed by CMPSC's sole stockholder, Radio Holdings, and by each of CMPSC's subsidiaries.

Also in connection with the completion of the Susquehanna acquisition, we entered into a management agreement with a subsidiary of CMP under which, subject to oversight by the board of directors of CMP, we would manage CMP's radio broadcasting operations and corporate development, including management at the corporate level of sales, programming, marketing, technical, finance, accounting, legal, human resources, risk management and information technology, as well as evaluation and consummation of divestitures, acquisitions, swaps, signal upgrades, move-ins, and high definition build-out and development. Pursuant to the management agreement, our senior management has served as senior management of the CMP entities owning or operating the managed assets, although Cumulus Media maintained responsibility for all salary, benefits and related employment compensation expenses of Cumulus Media employees providing those management services. In exchange for the management services we provide under the management agreement, we receive an annual management fee equal to the greater of \$4.0 million or 4% of CMP's adjusted earnings, payable on a quarterly basis. During each of 2009 and 2010, we received management fees of \$4.0 million.

In July 2008, two of the CMP Sellers, Bain and THL, elected to assume non-attributable ownership status for their interests in CMP for regulatory purposes, and therefore waived their rights to designate board members of CMP and its subsidiaries and agreed that their respective board designees to such entities would resign. Consequently, Cumulus Media and Blackstone, as the remaining members of CMP did not assume non-attributable ownership status of CMP, each have the right to appoint one-half of the number of directors on the boards of CMP and its subsidiaries, and agreed that any significant action taken by the boards of directors of CMP or its subsidiary Radio Holdco, must be approved by a majority of the directors present at the board meeting and by a majority of the directors designated by Blackstone. In addition, in connection therewith the Equityholders Agreement was amended to provide that Blackstone would have the power and authority to initiate a sale of CMP, and to exercise the rights of the CMP Sellers under the Equityholders Agreement with respect thereto. Consequently, any significant transactions involving CMP, including any sale of CMP or the CMP Sellers' interests therein, require the approval of Blackstone.

In late 2008 and early 2009, as the capital and credit markets, and the economic and business environment generally, worsened, CMP forecasted that its 2009 revenues would decline further and that it would likely face covenant compliance issues under the agreement governing the CMPSC Credit Facilities (the CMPSC Credit Agreement ) and the CMP 9.875% Notes. Following that assessment, and in an effort to significantly reduce its long-term debt, in March 2009, CMPSC and Radio Holdings completed an exchange offer (the CMP 2009 Exchange Offer ) pursuant to which approximately \$175.5 million of the then-outstanding CMP 9.875% Notes were exchanged for an aggregate of (i) \$14.0 million in aggregate principal amount of Variable Rate Senior Secured Notes due 2014 of CMPSC (the CMP 2014 Notes ), (ii) an aggregate of 3,273,633 shares of preferred stock with a stated value of \$10.00 per share of Radio Holdings (the Radio Holdings Preferred Stock ), and (iii) the Radio Holdings Warrants permitting the holders thereof to purchase an aggregate of 3,740,893 shares, representing approximately 38.1% of the common stock of Radio Holdings and having an exercise price of \$0.01 per share. As a result of the successful completion of the exchange offer on March 26, 2009, CMPSC was able to remain in compliance with applicable financial covenants under its credit facility.

As the economy in general, and the radio broadcasting industry in particular, began to recover in late 2009 and 2010, consistent with our Board of Director's regular consideration of strategic actions that could enhance long-term stockholder value, our management and Board of Directors periodically evaluated the potential to combine CMP and Cumulus Media, and the circumstances where such a strategic combination might make sense.



At a regularly scheduled meeting of our Board of Directors on July 28, 2010, there was a discussion of the potential benefits of combining CMP with Cumulus Media, and the operational, financial and strategic

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objectives that could be achieved from such a combination, as well as the impact of such a combination on each company's existing credit arrangements.

Also in July 2010, we entered into an amendment to our Existing Credit Agreement, which amendment, among other things, provided that we could acquire up to 100% of the equity interests of CMP (or two of its subsidiaries, Radio Holdings or Radio Holdco).

With the continued improvements in the economy, and particularly in advertising spending in the radio broadcasting industry, during 2010, commencing in September 2010, Lewis W. Dickey engaged in various discussions with David M. Tolley, as a representative of Blackstone, which, as described above, was vested with the authority to determine whether to engage in a sale of the CMP Sellers' interests in CMP under the Equityholders Agreement regarding the possibility of combining CMP with Cumulus Media. In connection with those discussions, UBS Securities was engaged to assist us in evaluating and analyzing such a proposed transaction. In addition, Citadel Securities LLC (Citadel Securities) was engaged by CMP to assist it in evaluating such a possible transaction.

During October and November 2010, Cumulus Media, with the assistance of UBS Securities, and Blackstone, with the assistance of Citadel Securities, engaged in various financial analyses of a possible combination, and conducted financial due diligence with respect to one another.

On October 27, 2010, at a regularly scheduled meeting of our Board of Directors, our management reported to the Board of Directors on the ongoing discussions with representatives of Blackstone, and on the related financial analyses that we were preparing and the impact of such a combination on overall leverage and liquidity for the combined company.

On November 10, 2010, Mr. L. Dickey met with Mr. Tolley, on behalf of Blackstone, and with representatives of Citadel Securities, to discuss the possible structure and valuation issues for a potential combination. Following that meeting, there were a series of discussions among representatives of Cumulus Media and Blackstone, and their respective financial advisors, regarding financial and valuation issues, tax issues, operational issues, and structure, pricing and timing considerations.

On December 9, 2010, Mr. L. Dickey, Mr. Tolley, and Mr. Robert H. Sheridan III, who is chairman of our Audit Committee and who serves on our Board of Directors as the designee of the BofA Entities, which currently hold approximately 17.3% of our outstanding common stock, met to discuss structure, pricing and valuation issues with respect to a possible combination.

On December 15, 2010, Blackstone sent to Cumulus Media a Right Of First Offer Notice (the Offer Notice), pursuant to the terms of the Equityholders Agreement, in which Blackstone stated its intention to initiate a sale of CMP in accordance with the terms thereof. Pursuant to the terms of the Equityholders Agreement, following receipt of such a notice, Cumulus Media was entitled, no later than 20 business days thereafter, to specify to Blackstone the price that Cumulus Media would pay for all, but not less than all, of the equity interests held by the CMP Sellers, and the material terms of such a transaction upon which Cumulus Media would agree to acquire those equity interests.

Based upon the various discussions regarding structure and valuation that had occurred over the prior two months, on December 17, 2010, Cumulus Media, through its legal counsel, Jones Day, submitted a term sheet to Blackstone's legal counsel, Simpson Thacher & Bartlett LLP setting forth the principal terms on which Cumulus Media was prepared to acquire the remaining equity interests in CMP, including the proposed issuance of an aggregate of 18,325,000 shares of our common stock in exchange for all of the interests in CMP held by the CMP Sellers, with each CMP Seller receiving 3,762,489 shares, and the conversion of the Radio Holdings Warrants into warrants to purchase 7,037,533 shares of our common stock, at a nominal exercise price.

During the remainder of December and the first two weeks of January, there were various discussions among Cumulus Media, Blackstone, and their respective legal and financial advisors, in which the principal provisions of the term sheet were negotiated, and financial due diligence and valuation issues were discussed. Based upon those discussions, the number of shares of our common stock issuable to each CMP Seller was

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reduced to 3,315,238, and the number of shares of our common stock issuable upon exercise of the Radio Holdings Warrants reduced to 8,267,968 (subject to adjustments for rounding for fractional shares in respect of the warrant holders), for a total consideration of 18,213,682 shares of our common stock.

On January 14, 2011, Jones Day, on behalf of Cumulus Media, distributed a draft of the proposed exchange agreement. Between January 15 and January 28, 2011, our legal advisors and Blackstone's legal advisors negotiated the terms of the exchange agreement, as well as various related agreements, including the voting agreements, the registration rights agreement and the Charter Amendment, and the financial advisors for each side conducted financial due diligence.

On January 28, 2011, our Board of Directors met and reviewed the terms and conditions of the proposed exchange agreement and the transactions contemplated thereby. At that meeting, representatives of Jones Day reviewed the status of the transaction agreements, and the pending legal issues, and our management summarized the pending business issues. Then, representatives of Moelis, which we engaged on January 14, 2011, to render a fairness opinion regarding the CMP Transaction, presented its preliminary financial analysis of the proposed exchange, described the bases on which they would be prepared to render an opinion regarding the fairness of the resulting pro forma ownership of our common stock by the CMP Sellers implied by the shares and warrants of Cumulus Media issued or issuable to the CMP Sellers in the CMP Transaction in exchange for all of their respective outstanding equity interests in CMP (including the Radio Holdings Warrants) contemplated by the Exchange Agreement (referred to as the exchange ratio) is fair from a financial point of view to Cumulus Media, and addressed various questions from our Board of Directors.

From January 29 through 31, 2011, representatives of Cumulus Media and Blackstone, and their respective legal and financial advisors, continued to negotiate the remaining terms of the agreements related to the exchange. Concurrently, representatives of Blackstone engaged in various discussions and negotiations with representatives of the BofA Entities with respect to terminating certain of the governance rights that the BofA Entities had pursuant to the terms of our Class B common stock.

On January 31, 2011, our Board of Directors held another meeting, at which representatives of Jones Day reviewed the final agreed upon terms of the Exchange Agreement, and the principal agreements contemplated thereby, as well as the shares of stock to be issued in the transaction and the proposed changes to the terms of the Class B common stock, which had been agreed to by the BofA Entities. Representatives of Moelis then provided an update of its financial analysis for the benefit of the Board of Directors, taking into account changes in the trading prices of our common stock since their last report and the final terms of the transaction agreements. The representatives of Moelis then reviewed their financial analysis for the Board of Directors and delivered their oral opinion, which was subsequently confirmed in writing, that, based upon the terms and conditions set forth therein, the exchange ratio is fair, from a financial point of view, to Cumulus Media.

The Board of Directors then voted unanimously to approve the Exchange Agreement and the transactions contemplated thereby, and the agreement was thereafter executed and delivered. On January 31, 2011, after the closing of trading on the Nasdaq Global Select Market, we issued a press release announcing the CMP Transaction.

During April and May 2011, we and our legal counsel prepared the form of Restated Warrant Agreement. On [ ], 2011, the holders of more than a majority of the outstanding Radio Holdings Warrants consented in writing to the Restated Warrant Agreement, which by its terms will take effect subject to, and conditioned upon, the closing of the CMP Acquisition.

**Reasons for the CMP Transaction**

Our Board of Directors has determined that the CMP Transaction is in the best interests of our stockholders and has recommended that our stockholders approve the issuance of our shares of common stock in connection with the CMP Transaction. In making this determination, our Board of Directors consulted with our management and with our financial and legal advisors, and considered a number of factors in determining

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that the consideration to be paid in exchange for the equity interests in CMP (including the Radio Holdings Warrants) is fair to, and in the best interests of, our stockholders. The decision of our Board of Directors was based upon a number of potential benefits of the CMP Transaction and other factors that it believes could contribute to the success of our company, and thus inure to the benefit of our stockholders, including the following, the order of which does not necessarily reflect their relative significance:

*A more diversified and strategic national platform.* CMP currently owns 30 radio stations in eight markets, including San Francisco, Dallas, Houston, Atlanta, Cincinnati, Indianapolis and Kansas City. The addition of these radio stations to our company will add these large-sized markets to our portfolio of radio markets. It will also further our geographic diversity by establishing a greater presence in large-sized markets and provide us with a greater national media platform.

*Anticipated accretion to earnings.* The combined company should have increased broadcast cash flow and free cash flow, increased earnings before interest, taxes, depreciation and amortization, station operating margins, and increased after-tax cash flow, on a per share basis, when compared to Cumulus Media on our own.

*Increased size and scale of operations.* The addition of CMP helps to solidify our position as the second largest radio station company in the United States based on the number of stations owned, and increases our total revenues.

*Increase our equity market capitalization and liquidity.* The issuance of additional shares of our common stock in the CMP Transaction increases the total equity market capitalization of Cumulus Media, which we expect will also increase the trading volume, and therefore the liquidity, of our common stock.

*Strengthen our capital base to position Cumulus Media for strategic acquisitions.* The larger capital structure that will result from a combination of Cumulus Media and CMP strengthens the position of the combined company to pursue and finance strategic acquisitions, such as the subsequently announced Citadel Acquisition.

*Fairness opinion.* Our Board of Directors received the opinion of Moelis that, subject to the limitations and qualifications set forth therein, as of January 31, 2011, the exchange ratio in the CMP Transaction is fair, from a financial point of view, to Cumulus Media.

In addition, our Board of Directors identified and considered several potentially negative factors to be balanced against the positive factors listed above, including that the trading price of our common stock could be negatively impacted by market overhang relating to the shares of common stock that will be available for resale by the CMP Sellers following the completion of the CMP Transaction and upon the Warrant Exercise. They also considered the effects of the potential dilution to our equity due to the substantial number of shares of common stock and warrants issuable pursuant to the CMP Transaction.

After considering all of the relevant factors, as well as the form and amount of consideration to be paid, our Board of Directors concluded that, on balance, the potential benefits of the CMP Transaction to us and our stockholders outweighed the associated risks.

This discussion of the factors considered by our Board of Directors is not intended to be exhaustive. In light of the variety of material factors considered in connection with its evaluation of the CMP Transaction, our Board of Directors did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, our Board of Directors conducted an overall analysis of the factors described above and, in considering these factors, individual members of our Board of Directors may have given different weights to different factors. Our Board of Directors considered all of these factors as a whole, and

ultimately considered the factors to be favorable to, and to support, its determination.

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**Opinion of Cumulus Media's Financial Advisor**

On January 31, 2011, at a meeting of the Board of Directors of Cumulus Media held to evaluate the CMP Transaction, Moelis delivered its oral opinion, which was later confirmed in writing, that based upon and subject to the conditions and limitations and qualifications set forth in its written opinion, as of January 31, 2011, the exchange ratio is fair, from a financial point of view, to Cumulus Media.

**The full text of Moelis' written opinion dated January 31, 2011, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion is attached as Appendix B to this proxy statement and is incorporated herein by reference. Stockholders are encouraged to read Moelis' written opinion carefully and in its entirety. The following summary describes the material analyses underlying Moelis' opinion, but does not purport to be a complete description of the analyses performed by Moelis in connection with its opinion. Moelis' opinion is limited solely to the fairness of the exchange ratio from a financial point of view as of the date of the opinion and does not address Cumulus Media's underlying business decision to effect the CMP Transaction or the relative merits of the CMP Transaction as compared to any alternative business strategies or transactions that might be available to Cumulus Media. Moelis' opinion does not constitute a recommendation to any stockholder of Cumulus Media as to how such stockholder should vote with respect to the CMP Transaction or any other matter. Moelis' opinion was approved by a Moelis fairness opinion committee.**

In arriving at the conclusions reached in its opinion, Moelis has, among other things:

reviewed certain internal information relating to the business, including financial forecasts, earnings, cash flow, assets, liabilities and prospects of CMP, furnished to Moelis by Cumulus Media;

reviewed certain publicly available business and financial information relating to Cumulus Media that Moelis deemed relevant;

reviewed certain internal information relating to the business, including financial forecasts, earnings, cash flow, assets, liabilities and prospects of Cumulus Media, furnished to Moelis by Cumulus Media;

conducted discussions with members of senior management and representatives of Cumulus Media, who manage both Cumulus Media and CMP, concerning the matters described in the foregoing bullets as well as the respective businesses and prospects of Cumulus Media and CMP before and after giving effect to the CMP Transaction;

reviewed publicly available financial and stock market data, including valuation multiples, for Cumulus Media and compared them with those of certain other companies in lines of business that Moelis deemed relevant;

compared the proposed financial terms of the CMP Transaction with the financial terms of certain other transactions that Moelis deemed relevant;

reviewed drafts of the Exchange Agreement and related agreements contemplated thereby; and

conducted such other financial studies and analyses and took into account such other information as Moelis deemed appropriate.

In connection with its review, Moelis did not assume any responsibility for independent verification of any of the information supplied to, discussed with, or reviewed by Moelis for the purpose of its opinion and has, with the consent



of the Board of Directors of Cumulus Media, relied on such information being complete and accurate in all material respects. In addition, at the direction of the Board of Directors, Moelis did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent, derivative, off-balance-sheet or otherwise) of CMP, nor was Moelis furnished with any such evaluation or appraisal. With respect to the forecasted financial information referred to above, Moelis assumed, at the direction of the Board of Directors, that such information was reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Cumulus Media as to the future performance of CMP and Cumulus Media and that such future financial results will be achieved at the times and in the amounts

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projected by management. Moelis was not requested to, and did not, express any opinion regarding any legal, regulatory, tax, accounting or financial reporting matters, including the tax effect of the CMP Transaction on Cumulus Media or its stockholders.

Moelis' opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Moelis as of, the date of Moelis' opinion. Subsequent developments may affect Moelis' opinion and Moelis does not have any obligation to update, revise or reaffirm its opinion. Moelis assumed, with the consent of the Board of Directors, that all governmental, regulatory or other consents and approvals necessary for the consummation of the CMP Transaction will be obtained without the imposition of any delay, limitation, restriction, divestiture or condition that would have any adverse effect on CMP or Cumulus Media or on the expected benefits of the CMP Transaction.

### ***Financial Analysis***

The following is a summary of the material financial analyses presented by Moelis to the Board of Directors at its meeting held on January 31, 2011 in connection with the delivery of the oral opinion of Moelis at such meeting and its subsequent written opinion.

Some of the summaries of the financial analyses below include information presented in tabular format. In order to fully understand Moelis' analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the analyses performed by Moelis. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Moelis' analyses.

### ***Transaction Overview/Implied Valuations***

As described above, for purposes of Moelis' opinion and the financial analyses described below, the pro forma ownership of Cumulus Media by current CMP stockholders and warrant holders implied by the shares and warrants of Cumulus Media issued or issuable to current CMP stock and warrant holders in the CMP Transaction in exchange for all of the outstanding interests of CMP is referred to as the exchange ratio. Specifically, the proposed transaction results in a pro forma equity split of 67.6% and 32.4% to Cumulus Media and CMP (including Cumulus Media's ownership stake in CMP), respectively.

Based on Cumulus Media's closing share price of \$3.80 on January 28, 2011, Moelis calculated that the equity value of Cumulus Media as of such date was \$170.3 million, resulting in an implied CMP equity value of \$81.8 million based on the exchange ratio. Moelis also calculated Cumulus Media's enterprise value, adding Cumulus Media's \$581 million of net debt to the \$170.3 million of equity value, resulting in a total Cumulus Media enterprise value of \$751.4 million. Moelis further calculated an implied enterprise value of \$738.8 million for CMP (consisting of CMP's implied equity value of \$81.8 million (including Cumulus Media's ownership stake in CMP), plus net debt of \$619.1 million and preferred stock of \$37.9 million). The \$751.4 million enterprise value of Cumulus Media implies that Cumulus Media is valued at 8.5x its 2010 estimated EBITDA of \$88.2 million and 7.6x its 2011 estimated EBITDA of \$99.5 million. The \$738.8 million implied enterprise value of CMP implies that CMP is valued at 9.5x CMP's 2010 estimated EBITDA of \$78 million and 8.3x its 2011 estimated EBITDA of \$89.5 million.

### ***Selected Public Companies Analysis***

Moelis compared certain financial information of Cumulus Media and CMP with corresponding financial information of certain selected publicly traded companies. Moelis selected publicly traded companies that shared similar characteristics with the business of Cumulus Media and CMP, operations and size, and for which relevant financial

information was publicly available. The list of selected companies is set forth below:

Citadel Broadcasting Corporation;

Entercom Communications Corp.;

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Radio One Inc.; and

Beasley Broadcast Group Inc. (the Selected Companies ).

Moelis also considered and analyzed CBS Corporation, CC Media Holdings, Inc., Emmis Communications Corp., Salem Communications Corp., Westwood One Inc. and Saga Communications Inc., but the table below does not include these companies.

As part of its selected public companies analysis, Moelis calculated and analyzed for each company referred to above the company's ratio of its enterprise value (calculated as fully diluted equity value based on closing stock prices as of January 28, 2011 plus debt, minority interests and preferred stock) to EBITDA and broadcast cash flow ( BCF ) for the most recent reported latest twelve months ending September 30, 2010 ( LTM ) and estimated calendar years 2010 and 2011, each of which is referred to in this section as E2010 and E2011. LTM data was based on public filings and E2010 and E2011 estimates were based on consensus public company analyst estimates, except that E2010 and E2011 for Cumulus Media and CMP were provided by Cumulus Media management. The following summarizes the results of these calculations for the Selected Companies and the implied multiples for each of Cumulus Media and CMP based on the exchange ratio: