

CUMULUS MEDIA INC
Form 10-K
March 17, 2008

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-K

**þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 00-24525

Cumulus Media Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State of Incorporation)

36-4159663

(I.R.S. Employer Identification No.)

3280 Peachtree Road, N.W.

Suite 2300

Atlanta, GA 30305

(404) 949-0700

(Address, including zip code, and telephone number, including area code, of registrant's principal offices)

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Class A Common Stock, par value \$.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's outstanding voting and non-voting common stock held by non-affiliates of the registrant as of June 29, 2007, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$403.7 million, based on 43,180,309 shares outstanding and a last reported per share price of Class A Common Stock on the NASDAQ Global Select Market of \$9.35 on that date. As of February 29, 2008, the registrant had outstanding 43,659,722 shares of common stock consisting of (i) 37,205,660 shares of Class A Common Stock; (ii) 5,809,191 shares of Class B Common Stock; and (iii) 644,871 shares of Class C Common Stock.

Documents Incorporated by Reference:

Portions of the registrant's Proxy Statement for the 2007 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, have been incorporated by reference in Part III of this Annual Report on Form 10-K.

CUMULUS MEDIA INC.

**ANNUAL REPORT ON FORM 10-K
For the fiscal Year Ended December 31, 2007**

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PART I

Item 1. *Business*

Certain Definitions

In this Form 10-K the terms Company, Cumulus, we, us, and our refer to Cumulus Media Inc. and its consolidated subsidiaries.

We use the term local marketing agreement (LMA) in various places in this report. A typical LMA is an agreement under which a Federal Communications Commission (FCC) licensee of a radio station makes available, for a fee, air time on its station to another party. The other party provides programming to be broadcast during the airtime and collects revenues from advertising it sells for broadcast during that programming. In addition to entering into LMAs, we will from time to time enter into management or consulting agreements that provide us with the ability, as contractually specified, to assist current owners in the management of radio station assets that we have contracted to purchase, subject to FCC approval. In such arrangements, we generally receive a contractually specified management fee or consulting fee in exchange for the services provided.

We also use the term joint services agreement (JSA) in several places in this report. A typical JSA is an agreement that authorizes one party or station to sell another station's advertising time and retain the revenue from the sale of that airtime. A JSA typically includes a periodic payment to the station whose airtime is being sold (which may include a share of the revenue being collected from the sale of airtime).

Unless otherwise indicated:

we obtained total radio industry listener and revenue levels from the Radio Advertising Bureau (the RAB);

we derived historical market revenue statistics and market revenue share percentages from data published by Miller Kaplan, Arase & Co., LLP (Miller Kaplan), a public accounting firm that specializes in serving the broadcasting industry and BIA Financial Network, Inc. (BIA), a media and telecommunications advisory services firm;

we derived all audience share data and audience rankings, including ranking by population, except where otherwise stated to the contrary, from surveys of people ages 12 and over (Adults 12+), listening Monday through Sunday, 6 a.m. to 12 midnight, and based on the Fall 2006 Arbitron Market Report, referred to as Arbitron's Market Report, pertaining to each market; and

all dollar amounts are rounded to the nearest million, unless otherwise indicated.

The term Station Operating Income, is used in various places in this document. Station Operating income consists of operating income before non-cash contract termination costs, gain on assets sold/transferred to affiliate, depreciation and amortization, LMA fees, corporate general and administrative expenses (including non-cash stock compensation), restructuring credits, costs associated with pending merger charges and impairment charges. Station operating income is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States (GAAP). Station Operating Income isolates the amount of income generated solely by our stations and assists management in evaluating the earnings potential of our station portfolio. In deriving this measure, we exclude non-cash contract termination costs as the charge will never represent a cash obligation to our station operations. We

exclude gain on sale of assets due to the nature of a non-repetitive transaction not being an actual measure of on-going station performance. We exclude depreciation and amortization due to the insignificant investment in tangible assets required to operate the stations and the relatively insignificant amount of intangible assets subject to amortization. We exclude LMA fees from this measure, even though it requires a cash commitment, due to the insignificance and temporary nature of such fees. Corporate expenses, despite representing an additional significant cash commitment, are excluded in an effort to present the operating performance of our stations exclusive of the corporate resources employed. We exclude costs associated with the pending merger due to the nature of a non-repetitive transaction not being an actual measure of on-going station performance. We believe this is important to our investors because it highlights the gross margin generated by our station portfolio. Finally, we exclude restructuring charges (credits) and impairment charges from the measure as they do not represent cash payments related to the operation of the stations.

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We believe that Station Operating Income is the most frequently used financial measure in determining the market value of a radio station or group of stations. Our management has observed that Station Operating Income is commonly employed by firms that provide appraisal services to the broadcasting industry in valuing radio stations. Further, in each of the more than 140 radio station acquisitions we have completed since our inception, we have used Station Operating Income as the primary metric to evaluate and negotiate the purchase price to be paid. Given its relevance to the estimated value of a radio station, we believe, and our experience indicates, that investors consider the measure to be extremely useful in order to determine the value of our portfolio of stations. We believe that Station Operating Income is the most commonly used financial measure employed by the investment community to compare the performance of radio station operators. Finally, Station Operating Income is one of the measures that our management uses to evaluate the performance and results of our stations. Management uses the measure to assess the performance of our station managers and our Board (the Cumulus Board of Directors) uses it to determine the relative performance of our executive management. As a result, in disclosing Station Operating Income, we are providing our investors with an analysis of our performance that is consistent with that which is utilized by our management and Board.

Station Operating Income is not a recognized term under GAAP and does not purport to be an alternative to operating income from continuing operations as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, Station Operating Income is not intended to be a measure of free cash flow available for dividends, reinvestment in our business or other management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Station Operating Income should be viewed as a supplement to, and not a substitute for, results of operations presented on the basis of GAAP. Management compensates for the limitations of using station operating income by using it only to supplement our GAAP results to provide a more complete understanding of the factors and trends affecting our business than GAAP results alone. Station Operating Income has its limitations as an analytical tool, and investors should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

Agreement and Plan of Merger

On July 23, 2007, we entered into an Agreement and Plan of Merger (the Merger Agreement) with Cloud Acquisition Corporation, a Delaware corporation (Parent), and Cloud Merger Corporation, a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub). Under the terms of the Merger Agreement, Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent (the Merger). Parent and Merger Sub are owned by an investor group consisting of Lewis W. Dickey Jr., who also serves as our Chairman, President and Chief Executive Officer, his brother John W. Dickey, who also serves as our Executive Vice President and Co-Chief Operating Officer, certain other members of their family and MLGPE Fund US Alternative, L.P., an affiliate of Merrill Lynch Global Private Equity.

Pursuant to the Merger Agreement, Cumulus stockholders will receive cash for each share of the Company's common stock owned. In addition, each outstanding option to acquire the Company's common stock shall be entitled to receive in exchange for such option a cash payment equal to the number of shares of the Company's common stock underlying such option, multiplied by the amount (if any) by which the per share cash merger consideration exceeds the option exercise price without interest and less any applicable withholding taxes. Further, unless otherwise agreed between a holder and Parent, each outstanding share of restricted stock that is subject to vesting or other lapse restrictions, will vest and become free of restriction and will be canceled and converted into the right to receive the per share cash merger consideration without interest, and less any applicable withholding taxes.

The consummation of the merger is subject to shareholder approval, FCC approval, and other customary closing conditions.

Company Overview

We own and operate FM and AM radio station clusters serving mid-sized markets throughout the United States. Through our investment in Cumulus Media Partners, LLC (CMP), described below, we also operate radio

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station clusters serving large-sized markets throughout the United States. We are the second largest radio broadcasting company in the United States based on the number of stations owned or operated. According to Arbitron's Market Report and data published by Miller Kaplan, we have assembled market-leading groups or clusters of radio stations that rank first or second in terms of revenue share or audience share in substantially all of our markets. As of December 31, 2007, we owned and operated 303 radio stations in 56 mid-sized U.S. media markets and operated the 33 radio stations in 8 markets, including San Francisco, Dallas, Houston and Atlanta that are owned by CMP. Under an LMA, we currently provide sales and marketing services for one radio station in the U.S. in exchange for a management or consulting fee. In summary, we own and operate, directly or through our investment in CMP, a total of 336 stations in 64 U.S. markets.

Our Mid-Market Focus . . .

Historically, our strategic focus has been on mid-sized markets throughout the United States. Relative to the 50 largest markets in the United States, we believe that mid-sized markets represent attractive operating environments and generally are characterized by:

- a greater use of radio advertising as evidenced by the greater percentage of total media revenues captured by radio than the national average;

- rising advertising revenues, as the larger national and regional retailers expand into these markets;

- small independent operators, many of whom lack the capital to produce high-quality locally originated programming or to employ more sophisticated research, marketing, management and sales techniques; and

- lower overall susceptibility to economic downturns.

We believe the attractive operating characteristics of mid-sized markets, together with the relaxation of radio station ownership limits under the Telecommunications Act of 1996 (the Telecom Act) and FCC rules, have created significant opportunities for growth from the formation of groups of radio stations within these markets. We have capitalized on these opportunities to acquire attractive properties at favorable purchase prices, taking advantage of the size and fragmented nature of ownership in these markets and to the greater attention historically given to the larger markets by radio station acquirers. According to the FCC's records, as of September 30, 2007 there were 9,163 FM and 4,776 AM stations in the United States (the latest date for which data are available).

. . . and Our Large-Market Opportunities

Although our historical focus has been on mid-sized radio markets in the United States, we recognize that the large-sized radio markets currently provide an attractive combination of scale, stability and opportunity for future growth. According to BIA, these markets typically have per capita and household income, and expected household after-tax effective buying income growth in excess of the national average, which we believe makes radio broadcasters in these markets attractive to a broad base of radio advertisers, and allows a radio broadcaster to reduce its dependence on any one economic sector or specific advertiser. In recognition of this, in October 2005, we announced the formation of CMP, a private partnership created by Cumulus and affiliates of Bain Capital Partners LLC, The Blackstone Group and Thomas H. Lee Partners, L.P., and in May 2006 acquired the radio broadcasting business of Susquehanna Pfaltzgraff Co. (Susquehanna) for approximately \$1.2 billion. Prior to 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. The group of stations CMP acquired consists of 33 radio stations in 8 markets: San Francisco, Dallas, Houston, Atlanta, Cincinnati, Kansas City, Indianapolis and York, Pennsylvania.

* * *

To maximize the advertising revenues and Station Operating Income of our stations, we seek to enhance the quality of radio programs for listeners and the attractiveness of our radio stations to advertisers in a given market. We also seek to increase the amount of locally originated programming content that airs on each station. Within each market, our stations are diversified in terms of format, target audience and geographic location, enabling us to attract larger and broader listener audiences and thereby a wider range of advertisers. This diversification, coupled

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with our competitive advertising pricing, also has provided us with the ability to compete successfully for advertising revenue against other radio, print and television media competitors.

We believe that we are in a position to generate revenue growth, increase audience and revenue shares within our markets and, by capitalizing on economies of scale and by competing against other media for incremental advertising revenue, increase our Station Operating Income growth rates and margins. Some of our markets are still in the development stage with the potential for substantial growth as we implement our operating strategy. In our more established markets, we believe we have several significant opportunities for growth within our current business model, including growth through maturation of recently reformatted or rebranded stations, and through investment in signal upgrades, which allow for a larger audience reach, for stations that were already strong performers.

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.

Strategy

We are focused on generating internal growth through improvement in Station Operating Income for the portfolio of stations we operate, while enhancing our station portfolio and our business as a whole, through the acquisition of individual stations or clusters that satisfy our acquisition criteria.

Operating Strategy

Our operating strategy has the following principal components:

achieve cost efficiencies associated with common infrastructure and personnel and increase revenue by offering regional coverage of key demographic groups that were previously unavailable to national and regional advertisers;

develop each station in our portfolio as a unique enterprise, marketed as an individual, local brand with its own identity, programming content, programming personnel, inventory of time slots and sales force;

use audience research and music testing to refine each station's programming content to match the preferences of the station's target demographic audience, in order to enrich our listeners' experiences by increasing both the quality and quantity of local programming; and,

position station clusters to compete with print and television advertising by combining favorable advertising pricing with diverse station formats within each market to draw a larger and broader listening audience to attract a wider range of advertisers.

Acquisition Strategy

Our acquisition strategy has the following principal components:

assemble leading radio station clusters in mid-sized markets by taking advantage of their size and fragmented nature of ownership;

acquire leading stations where we believe we can cost-effectively achieve a leading position in terms of signal coverage, revenue or audience share and acquire under-performing stations where there is significant potential to apply our management expertise to improve financial and operating performance; and

reconfigure our existing stations, or acquire new stations, located near large markets, that based on an engineering analysis of signal specifications and the likelihood of receiving FCC approval, can be redirected, or moved-in, to those larger markets.

Acquisitions and Dispositions

Completed Acquisitions

We did not complete any acquisitions during 2007.

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As of December 31, 2007, the Company had pending a swap transaction pursuant to which it would exchange one of its Fort Walton Beach, Florida radio stations, WYZB-FM, for another owned by Star Broadcasting, Inc., WTKE-FM. Specifically, the purchase agreement provided for the exchange of WYZB-FM plus \$1.5 million in cash for WTKE-FM. Following the filing of the assignment applications with the FCC, the applications were challenged by Quantum Communications, who has some radio stations in the market and complained to the FCC that the swap would give the company an unfair competitive advantage (because the station the Company would acquire reaches more people than the station the Company would be giving up). Quantum also initiated litigation in the United States District Court for the Southern District of Florida against the current owner of WTKE-FM, and secured a court decision that would require the sale of the station to Quantum instead of the Company. Although that decision is still subject to appeal, there is a possibility that the company will be unable to consummate the exchange it had proposed with the seller.

As of December 31, 2007, the Company had pending a swap transaction pursuant to which it would exchange its Canton, OH Station, WRQK-FM, for eight stations owned by Clear Channel in Ann Arbor, Michigan (WTKA-AM, WLBY-AM, WWWW-FM, WQKL-FM) and Battle Creek, Michigan (WBFN-AM, WBCK-FM, WBCK-AM and WBXX-FM). Two of the AM stations in Battle Creek, WBCK-AM and WBFN-AM, will be disposed of by the Company simultaneously with the closing of the swap transaction to comply with the FCC's broadcast ownership limits; WBCK-AM will be placed in a trust for the sale of the station to an unrelated third party and WBFN-AM will be transferred to Family Life Broadcasting System.

Completed Dispositions

On November 20, 2007, we completed the sale of our Caribbean stations to Gem Radio 5 Limited which purchased all the operations of our Caribbean stations for \$6.0 million. The transaction resulted in the recognition of a gain of approximately \$5.9 million. We recorded the gain within continuing operations within our consolidated statement of operations for the year ended December 31, 2007. The below table contains certain operating data related to the stations sold for the periods presented (the total net assets approximated \$0.1 million for these stations):

	2007	2006	2005
Net revenue	\$ 1,764	\$ 1,918	\$ 1,687
Total expense	1,338	1,396	1,281
Operating income	\$ 426	\$ 522	\$ 406

FCC FM Frequency Auctions

Periodically, the FCC makes FM frequencies available for acquisition through an auction process. On November 3, 2004, the FCC held an auction for approximately 290 frequencies. As of the close of the auction, we were the winning bidder for seven frequencies and were obligated to pay the FCC \$8.6 million for those frequencies. During 2005, the FCC granted the final authorization on and we completed the purchase of six of the seven frequencies won in the November 2004 auction. As of December 31, 2006, we had funded our obligation with the FCC and completed the purchase of the remaining frequency from the November 2004 auction during the first half of 2006.

On January 12, 2006, the FCC held a similar auction for approximately 171 frequencies, located mostly in smaller markets, in which we actively participated. As of the close of the auction, we were the winning bidder for one frequency and were obligated to pay the FCC \$1.6 million for that frequency. During 2006, the FCC granted the final authorization on the 2006 auction. This authorization will enable us to add a station to one of our existing markets once constructed.

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Acquisition Shelf Registration Statement

We have registered an aggregate of 20,000,000 shares of our Class A Common Stock, pursuant to registration statements on Form S-4, for issuance from time to time in connection with our acquisition of other businesses, properties or securities in business combination transactions utilizing a shelf registration process. As of February 29, 2008, we had issued 5,666,553 of the 20,000,000 shares registered in connection with various acquisitions.

Industry Overview

The primary source of revenues for radio stations is the sale of advertising time to local, regional and national spot advertisers and national network advertisers. National spot advertisers assist advertisers in placing their advertisements in a specific market. National network advertisers place advertisements on a national network show and such advertisements will air in each market where the network has an affiliate. During the past decade, local advertising revenue as a percentage of total radio advertising revenue in a given market has ranged from approximately 72% to 87% according to the RAB. The trends in radio advertising revenue mirrored fluctuations in the current economic environment, yielding mixed results over the last three years. In 2007, advertising revenues decreased 2%, the first decline in growth in six years after increasing 1% in 2006 and remaining flat in 2005.

Radio is considered an efficient, cost-effective means of reaching specifically identified demographic groups. Stations are typically classified by their on-air format, such as country, rock, adult contemporary, oldies and news/talk. A station's format and style of presentation enables it to target specific segments of listeners sharing certain demographic features. By capturing a specific share of a market's radio listening audience with particular concentration in a targeted demographic, a station is able to market its broadcasting time to advertisers seeking to reach a specific audience. Advertisers and stations use data published by audience measuring services, such as Arbitron, to estimate how many people within particular geographical markets and demographics listen to specific stations.

The number of advertisements that can be broadcast without jeopardizing listening levels and the resulting ratings are limited in part by the format of a particular station and the local competitive environment. Although the number of advertisements broadcast during a given time period may vary, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year.

A station's local sales staff generates the majority of its local and regional advertising sales through direct solicitations of local advertising agencies and businesses. To generate national advertising sales, a station usually will engage a firm that specializes in soliciting radio-advertising sales on a national level. National sales representatives obtain advertising principally from advertising agencies located outside the station's market and receive commissions based on the revenue from the advertising they obtain.

Our stations compete for advertising revenue with other terrestrial-based radio stations in the market (including low power FM radio stations that are required to operate on a noncommercial basis) as well as other media, including newspapers, broadcast television, cable television, magazines, direct mail, coupons and outdoor advertising. In addition, the radio broadcasting industry is subject to competition from services that use new media technologies that are being developed or have already been introduced, such as the Internet and satellite-based digital radio services. Such services reach nationwide and regional audiences with multi-channel, multi-format, digital radio services that have a sound quality equivalent to that of compact discs. Competition among terrestrial-based radio stations has also been heightened by the introduction of terrestrial digital audio broadcasting (which is digital audio broadcasting delivered through earth-based equipment rather than satellites). The FCC currently allows terrestrial radio stations like ours to commence the use of digital technology through a hybrid antenna that carries both the pre-existing analog signal and the new digital signal. The FCC is conducting a proceeding that could result in a radio station's use of two antennae: one for the analog signal and one for the digital signal.

We cannot predict how existing or new sources of competition will affect the revenues generated by our stations. The radio broadcasting industry historically has grown despite the introduction of new technologies for the delivery of entertainment and information, such as television broadcasting, cable television, audio tapes and compact discs. A growing population and greater availability of radios, particularly car and portable radios, have contributed to this growth. There can be no assurance, however, that the development or introduction in the future of

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any new media technology will not have an adverse effect on the radio broadcasting industry in general or our stations in particular.

Advertising Sales

Virtually all of our revenue is generated from the sale of local, regional and national advertising for broadcast on our radio stations. In 2007 and 2006, approximately 88% of our net broadcasting revenue was generated from the sale of local and regional advertising, and in 2005 89% of our broadcast revenue came from these sources. Additional broadcasting revenue is generated from the sale of national advertising. The major categories of our advertisers include:

automotive dealers	telecommunications	banking and mortgage
amusement and recreation	food and beverage services	arts and entertainment
healthcare services	food and beverage stores	furniture and home furnishings

Each station's local sales staff solicits advertising either directly from the local advertiser or indirectly through an advertising agency. We employ a tiered commission structure to focus our individual sales staffs on new business development. Consistent with our operating strategy of dedicated sales forces for each of our stations, we have also increased the number of salespeople per station. We believe that we can outperform the traditional growth rates of our markets by (1) expanding our base of advertisers, (2) training newly hired sales people and, (3) providing a higher level of service to our existing customer base. This requires a larger sales staffs than most of the stations employed at the time we acquired them. We support our strategy of building local direct accounts by employing personnel in each of our markets to produce custom commercials that respond to the needs of our advertisers. In addition, in-house production provides advertisers greater flexibility in changing their commercial messages with minimal lead-time.

Our national sales are made by Katz Communications, Inc., a firm specializing in radio advertising sales on the national level, in exchange for commission that is based on our net revenue from the advertising obtained. Regional sales, which we define as sales in regions surrounding our markets to buyers that advertise in our markets, are generally made by our local sales staff and market managers. Whereas we seek to grow our local sales through larger and more customer-focused sales staffs, we seek to grow our national and regional sales by offering to key national and regional advertisers groups of stations within specific markets and regions that make our stations more attractive. Many of these large accounts have previously been reluctant to advertise in these markets because of the logistics involved in buying advertising from individual stations. Certain of our stations had no national representation before we acquired them.

The number of advertisements that can be broadcast without jeopardizing listening levels and the resulting ratings are limited in part by the format of a particular station. We estimate the optimal number of advertisements available for sale depends on the programming format of a particular station. Each of our stations has a general target level of on-air inventory available for advertising. This target level of inventory for sale may vary at different times of the day but tends to remain stable over time. Our stations strive to maximize revenue by managing their on-air inventory of advertising time and adjusting prices up or down based on supply and demand. We seek to broaden our base of advertisers in each of our markets by providing a wide array of audience demographic segments across our cluster of stations, thereby providing each of our potential advertisers with an effective means of reaching a targeted demographic group. Our selling and pricing activity is based on demand for our radio stations' on-air inventory and, in general, we respond to this demand by varying prices rather than by varying our target inventory level for a particular station. Most changes in revenue are explained by some combination of demand-driven pricing changes and changes in inventory utilization rather than by changes in the available inventory. Advertising rates charged by radio stations, which are generally highest during morning and afternoon commuting hours, are based primarily on:

a station's share of audiences and on the demographic groups targeted by advertisers (as measured by ratings surveys);

the supply and demand for radio advertising time and for time targeted at particular demographic groups; and certain additional qualitative factors.

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A station's listenership is reflected in ratings surveys that estimate the number of listeners tuned into the station, and the time they spend listening. Each station's ratings are used by its advertisers and advertising representatives to consider advertising with the station and are used by Cumulus to chart audience growth, set advertising rates and adjust programming. The radio broadcast industry's principal ratings service is Arbitron, which publishes periodic ratings surveys for significant domestic radio markets. These surveys are our primary source of ratings data. We have an agreement with Arbitron that gives us access to Arbitron's ratings materials in a majority of our markets through April 2009.

Competition

The radio broadcasting industry is very competitive. The success of each of our stations depends largely upon its audience ratings and its share of the overall advertising revenue within its market. Our audience ratings and advertising revenue are subject to change, and any adverse change in a particular market affecting advertising expenditures or any adverse change in the relative market share of the stations located in a particular market could have a material adverse effect on the revenue of our radio stations located in that market. There can be no assurance that any one or all of our stations will be able to maintain or increase current audience ratings or advertising revenue market share.

Our stations compete for listeners and advertising revenues directly with other radio stations within their respective markets, as well as with other advertising media as discussed below. Radio stations compete for listeners primarily on the basis of program content that appeals to a particular demographic group. By building a strong brand identity with a targeted listener base consisting of specific demographic groups in each of our markets, we are able to attract advertisers seeking to reach those listeners. Companies that operate radio stations must be alert to the possibility of another station changing its format to compete directly for listeners and advertisers. Another station's decision to convert to a format similar to that of one of our radio stations in the same geographic area or to launch an aggressive promotional campaign may result in lower ratings and advertising revenue, increased promotion and other expenses and, consequently, lower our Station Operating Income.

Factors that are material to a radio station's competitive position include station brand identity and loyalty, management experience, the station's local audience rank in its market, transmitter power and location, assigned frequency, audience characteristics, local program acceptance and the number and characteristics of other radio stations and other advertising media in the market area. We attempt to improve our competitive position in each market by extensively researching and improving our stations' programming, by implementing advertising campaigns aimed at the demographic groups for which our stations program and by managing our sales efforts to attract a larger share of advertising dollars for each station individually. However, we compete with some organizations that have substantially greater financial or other resources than we do.

In 1996, changes in federal law and FCC rules dramatically increased the number of radio stations a single party can own and operate in a local market. Our management continues to believe that companies that elect to take advantage of those changes by forming groups of commonly owned stations or joint arrangements such as LMAs in a particular market may, in certain circumstances, have lower operating costs and may be able to offer advertisers in those markets more attractive rates and services. Although we currently operate multiple stations in each of our markets and intend to pursue the creation of additional multiple station groups in particular markets, our competitors in certain markets include other parties who own and operate as many or more stations than we do. We may also compete with those other parties or broadcast groups for the purchase of additional stations in those markets or new markets. Some of those other parties and groups are owned or operated by companies that have substantially greater financial or other resources than we do.

A radio station's competitive position can be enhanced by a variety of factors, including changes in the station's format and an upgrade of the station's authorized power. However, the competitive position of existing radio stations is protected to some extent by certain regulatory barriers to new entrants. The operation of a radio broadcast station requires an FCC license, and the number of radio stations that an entity can operate in a given market is limited. Under FCC rules that became effective in 2004, the number of radio stations that a party can own in a particular market is dictated largely by whether the station is in a defined Arbitron Metro (a designation designed by a private party for use in advertising matters), and, if so, the number of stations included in that Arbitron

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Metro. In those markets that are not in an Arbitron Metro, the number of stations a party can own in the particular market is dictated by the number of AM and FM signals that together comprise that FCC-defined radio market. For a discussion of FCC regulation (including recent changes), see Federal Regulation of Radio Broadcasting.

Our stations also compete for advertising revenue with other media, including low power FM radio stations (that are required to operate on a noncommercial basis), newspapers, broadcast television, cable and satellite television, magazines, direct mail, coupons and outdoor advertising. In addition, the radio broadcasting industry is subject to competition from companies that use new media technologies that are being developed or have already been introduced, such as the Internet and the delivery of digital audio programming by cable television systems, by satellite radio carriers, and by terrestrial-based radio stations that broadcast digital audio signals. The FCC has authorized two companies to provide a digital audio programming service by satellite to nationwide audiences with a multi-channel, multi-format and with sound quality equivalent to that of compact discs. The FCC has also authorized FM terrestrial stations like ours to use two separate antennae to deliver both the current analog radio signal and a new digital signal. The FCC is also exploring the possibility of allowing AM stations to deliver both analog and digital signals.

We cannot predict how new sources of competition will affect our performance and income. Historically, the radio broadcasting industry has grown despite the introduction of new technologies for the delivery of entertainment and information, such as television broadcasting, cable television, audio tapes and compact discs. A growing population and greater availability of radios, particularly car and portable radios, have contributed to this growth. There can be no assurance, however, that the development or introduction of any new media technology will not have an adverse effect on the radio broadcasting industry in general or our stations in particular.

We cannot predict what other matters might be considered in the future by the FCC or Congress, nor can we assess in advance what impact, if any, the implementation of any of these proposals or changes might have on our business.

Employees

At December 31, 2007, we employed approximately 3,300 people. None of our employees are covered by collective bargaining agreements, and we consider our relations with our employees to be satisfactory.

We employ various on-air personalities with large loyal audiences in their respective markets. On occasion, we enter into employment agreements with these personalities to protect our interests in those relationships that we believe to be valuable. The loss of one or more of these personalities could result in a short-term loss of audience share, but we do not believe that any such loss would have a material adverse effect on our financial condition or results of operations, taken as a whole.

We generally employ one market manager for each radio market in which we own or operate stations. Each market manager is responsible for all employees of the market and for managing all aspects of the radio operations. On occasion, we enter into employment agreements with market managers to protect our interests in those relationships that we believe to be valuable. The loss of a market manager could result in a short-term loss of performance in a market, but we do not believe that any such loss would have a material adverse effect on our financial condition or results of operations, taken as a whole.

Federal Regulation of Radio Broadcasting

General. The ownership, operation and sale of radio broadcast stations, including those licensed to us, are subject to the jurisdiction of the FCC, which acts under authority derived from the Communications Act of 1934, as amended (the Communications Act). The Telecom Act amended the Communications Act and directed the FCC to change certain of its broadcast rules. Among its other regulatory responsibilities, the FCC issues permits and licenses to

construct and operate radio stations; assigns broadcast frequencies; determines whether to approve changes in ownership or control of station licenses; regulates transmission equipment, operating power, and other technical parameters of stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; regulates the content of some forms of radio broadcast programming; and has the authority under the Communications Act to impose penalties for violations of its rules.

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The following is a brief summary of certain provisions of the Communications Act, the Telecom Act, and related FCC rules and policies (collectively, the Communications Laws). This description does not purport to be comprehensive, and reference should be made to the Communications Laws, public notices, and decisions issued by the FCC for further information concerning the nature and extent of federal regulation of radio broadcast stations. Failure to observe the provisions of the Communications Laws can result in the imposition of various sanctions, including monetary forfeitures and the grant of a short-term (less than the maximum term) license renewal. For particularly egregious violations, the FCC may deny a station's license renewal application, revoke a station's license, or deny applications in which an applicant seeks to acquire additional broadcast properties.

License Grant and Renewal. Radio broadcast licenses are generally granted and renewed for maximum terms of eight years. Licenses are renewed by filing an application with the FCC. Petitions to deny license renewal applications may be filed by interested parties, including members of the public. We are not currently aware of any facts that would prevent the renewal of our licenses to operate our radio stations, although there can be no assurance that each of our licenses will be renewed for a full term without adverse conditions.

Service Areas. The area served by AM stations is determined by a combination of frequency, transmitter power, antenna orientation, and soil conductivity. To determine the effective service area of an AM station, the station's power, operating frequency, antenna patterns and its day/night operating modes are required. The area served by an FM station is determined by a combination of transmitter power and antenna height, with stations divided into classes according to these technical parameters.

Class C FM stations operate with the equivalent of 100 kilowatts of effective radiated power (ERP) at an antenna height of up to 1,968 feet above average terrain. They are the most powerful FM stations, providing service to a large area, typically covering one or more counties within a state. Class B FM stations operate with the equivalent of 50 kilowatts ERP at an antenna height of up to 492 feet above average terrain. Class B stations typically serve large metropolitan areas as well as their associated suburbs. Class A FM stations operate with the equivalent of 6 kilowatts ERP at an antenna height of up to 328 feet above average terrain, and generally serve smaller cities and towns or suburbs of larger cities.

The minimum and maximum facilities requirements for an FM station are determined by its class. FM class designations depend upon the geographic zone in which the transmitter of the FM station is located. In general, commercial FM stations are classified as follows, in order of increasing power and antenna height: Class A, B1, C3, B, C2, C1, C0, and C.

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The following table sets forth the market, call letters, FCC license classification, antenna elevation above average terrain (for FM stations only), power and frequency of all owned and operated stations as of February 29, 2008, all pending station acquisitions operated under an LMA as of February 29, 2008, and all other announced pending station acquisitions as of February 29, 2008:

Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)		
							Day	Night	
Abilene, TX	KCDD FM	Hamlin, TX	103.7	August 1, 2013	C	984	100	100	
	KBCY FM	Tye, TX	99.7	August 1, 2013	C1	745	100	100	
	KTLT FM	Anson, TX	98.1	August 1, 2013	C2	305	50	50	
	KHXS FM	Merkel, TX	102.7	August 1, 2013	C1	745	99.2	99.2	
Albany, GA	WNUQ FM	Sylvester, GA	102.1	April 1, 2012	A	259	6	6	
	WEGC FM	Sasser, GA	107.7	April 1, 2012	C3	312	11.5	11.5	
	WALG AM	Albany, GA	1590	April 1, 2012	B	N.A.	5	1	
	WJAD FM	Leesburg, GA	103.5	April 1, 2012	C3	463	12.5	12.5	
	WKAK FM	Albany, GA	104.5	April 1, 2012	C1	981	100	100	
	WGPC AM	Albany, GA	1450	April 1, 2012	C	N.A.	1	1	
	WQVE FM	Albany, GA	101.7	April 1, 2012	A	299	6	6	
	WZBN FM	Camilla, GA	105.5	April 1, 2012	A	276	6	6	
	Amarillo, TX	KZRK FM	Canyon, TX	107.9	August 1, 2013	C1	476	100	100
		KZRK AM	Canyon, TX	1550	August 1, 2013	B	N.A.	1	0.2
KARX FM		Claude, TX	95.7	August 1, 2013	C1	390	100	100	
KPUR AM		Amarillo, TX	1440	August 1, 2013	B	N.A.	5	1	
KPUR FM		Canyon, TX	107.1	August 1, 2013	A	315	6	6	
KQIZ FM		Amarillo, TX	93.1	August 1, 2013	C1	699	100	100	
Appleton Oshkosh, WI	WWWX FM	Oshkosh, WI	96.9	December 1, 2012	A	328	6	6	
	WVBO FM	Winneconne, WI Neenah Menasha, WI	103.9	December 1, 2012	C3	328	25	25	
	WNAM AM	WI	1280	December 1, 2012	B	N.A.	5	5	
	WOSH AM	Oshkosh, WI	1490	December 1, 2012	C	N.A.	1	1	
	WPKR FM	Omro, WI	99.5	2012	C2	495	25	25	
Bangor, ME	WQCB FM	Brewer, ME	106.5	April 1, 2014	C	1079	100	100	
	WBZN FM	Old Town, ME	107.3	April 1, 2014	C2	436	50	50	
	WWMJ FM	Ellsworth, ME	95.7	April 1, 2014	B	1030	11.5	11.5	
	WEZQ FM	Bangor, ME	92.9	April 1, 2014	B	787	20	20	
	WDEA AM	Ellsworth, ME	1370	April 1, 2014	B	N.A.	5	5	
Beaumont, TX	KSTB FM	Crystal Beach, TX	101.5	(A)	A	184	6	6	
	KQXY FM	Beaumont, TX	94.1	(A)	C1	600	100	100	
	KBED AM	Nederland, TX	1510	August 1, 2013	D	N.A.	5	0	

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	KIKR AM	Beaumont, TX	1450	(A)	C	N.A.	1	1
	KTCX FM	Beaumont, TX	102.5	(A)	C2	492	50	50
	KAYD FM	Silsbee, TX	101.7	August 1, 2013	C3	503	10.5	10.5
Bismarck, ND	KBYZ FM	Bismarck, ND	96.5	April 1, 2013	C1	963	100	100
	KACL FM	Bismarck, ND	98.7	April 1, 2013	C1	837	100	100
	KKCT FM	Bismarck, ND	97.5	April 1, 2013	C1	837	100	100
	KLXX AM	Bismarck, ND	1270	April 1, 2013	B	N.A.	1	0.3
	KUSB FM	Hazelton, ND	103.3	April 1, 2013	C1	965	100	100
Blacksburg, VA	WBRW FM	Blacksburg, VA	105.3	October 1, 2011	C3	479	12	12
	WFNR FM	Christiansburg, VA	100.7	October 1, 2011	A	886	0.8	0.8
	WFNR AM	Blacksburg, VA	710	October 1, 2011	D	N.A.	10	0
	WPSK FM	Pulaski, VA	107.1	October 1, 2011	C3	1207	1.8	1.8
	WRAD AM	Radford, VA	1460	October 1, 2011	B	N.A.	5	0.5
	WWBU FM	Radford, VA	101.7	October 1, 2011	A	66	5.8	5.8

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Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)	
							Day	Night
Bridgeport, CT	WEBE FM	Westport, CT	107.9	April 1, 2014	B	384	50	50
	WICC AM	Bridgeport, CT	600	(A)	B	N.A.	1	0.5
Canton, OH	WRQK FM	Canton, OH	106.9	October 1, 2012	B	341	27.5	27.5
Cedar Rapids, IA	KDAT FM	Cedar Rapids, IA	104.5	February 1, 2013	C1	551	100	100
	KHAK FM	Cedar Rapids, IA	98.1	February 1, 2013	C1	459	100	100
	KRNA FM	Iowa City, IA	94.1	February 1, 2013	C1	981	100	100
Columbia, MO	KBXR FM	Columbia, MO	102.3	February 1, 2013	C3	856	3.5	3.5
	KFRU AM	Columbia, MO	1400	February 1, 2013	C	N.A.	1	1
	KPLA FM	Columbia, MO	101.5	February 1, 2013	C1	1062	41	41
	KOQL FM	Ashland, MO	106.1	February 1, 2013	C1	958	69	69
	KBBM FM	Jefferson City, MO	100.1	February 1, 2013	C2	600	33	33
	KJMO FM	Linn, Mo	97.5	February 1, 2013	A	328	6	6
	KLIK AM	Jefferson City, MO	1240	February 1, 2013	C	N.A.	1	1
	KZJF FM	Jefferson City, MO		April 1, 2013	A	348	5.3	5.3
Columbus-Starkville, MS	WSSO AM	Starkville, MS	1230	June 1, 2012	C	N.A.	1	1
	WMXU FM	Starkville, MS	106.1	June 1, 2012	C2	502	40	40
	WSMS FM	Artesia, MS	99.9	June 1, 2012	C2	505	47	47
	WKOR FM	Columbus, MS	94.9	June 1, 2012	C2	492	50	50
	WKOR AM	Starkville, MS	980	June 1, 2012	D	N.A.	1	0.1
	WJWF AM	Columbus, MS	1400	June 1, 2012	C	N.A.	1	1
	WMBC FM	Columbus, MS	103.1	June 1, 2012	C2	755	22	22
	WRKI FM	Brookfield, CT	95.1	April 1, 2014	B	636	29.5	29.5
Danbury, CT	WDBY FM	Patterson, NY	105.5	June 1, 2014	A	610	0.9	0.9
	WINE AM	Brookfield, CT	940	April 1, 2014	D	N.A.	0.7	0
	WPUT AM	Brewster, NY	1510	June 1, 2014	D	N.A.	1	0
Dubuque, IA	KLYV FM	Dubuque, IA	105.3	February 1, 2013	C2	331	50	50
	KXGE FM	Dubuque, IA	102.3	February 1, 2013	A	308	2	2
	WDBQ FM	Galena, IL	107.5	December 1, 2012	A	328	6	6
	WDBQ AM	Dubuque, IA	1490	February 1, 2013	C	N.A.	1	1
	WJOD FM	Asbury, IA	103.3	February 1, 2013	C3	643	6.6	6.6
Eugene-Springfield, OR	KUJZ FM	Creswell, OR	95.3	February 1, 2014	C3	1207	0.6	0.6
	KSCR AM	Eugene, OR	1320	February 1, 2014	D	N.A.	1	0
	KZEL FM	Eugene, OR	96.1	February 1, 2014	C	1093	100	43
	KUGN AM	Eugene, OR	590	February 1, 2014	B	N.A.	5	5
	KEHK FM	Brownsville, OR	102.3	February 1, 2014	C1	919	100	43
	KNRQ FM	Eugene, OR	97.9	February 1, 2014	C	1010	100	75
Faribault-Owatonna, MN	KRFO AM	Owatonna, MN	1390	April 1, 2013	D	N.A.	0.5	0.1

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Fayetteville, AR	KRFO FM	Owatonna, MN	104.9	April 1, 2013	A	174	4.7	4.7	
	KDHL AM	Faribault, MN	920	April 1, 2013	B	N.A.	5	5	
	KQCL FM	Faribault, MN	95.9	April 1, 2013	A	328	3	3	
	KQSM FM	Bentonville, AR	98.3	June 1, 2012	C1	617	100	100	
	KFAY AM	Farmington, AR	1030	June 1, 2012	B	N.A.	10	1	
	KKEG FM	Fayetteville, AR	92.1	June 1, 2012	C3	531	7.6	7.6	
	KAMO FM	Rogers, AR	94.3	June 1, 2012	C2	692	25	25	
		Siloam Springs,							
	KMCK FM	AR	105.7	June 1, 2012	C1	476	100	100	
	KZRA AM	Springdale, AR	1590	June 1, 2012	D	N.A.	2.5	0.1	
	Prairie Grove,								
	KYNF FM	AR	94.9	June 1, 2012	C2	761	21	21	

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Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)	
							Day	Night
Fayetteville, NC	WRCQ FM	Dunn, NC	103.5	December 1, 2011	C2	502	48	48
	WFNC FM	Lumberton, NC	102.3	December 1, 2011	A	269	6	6
	WFNC AM	Fayetteville, NC	640	December 1, 2011	B	N.A.	10	1
	WQSM FM	Fayetteville, NC	98.1	December 1, 2011	C1	830	100	100
Flint, MI	WFVL FM	Southern Pines, NC	106.9	December 1, 2011	C2	492	50	50
	WDZZ FM	Flint, MI	92.7	October 1, 2012	A	256	3	3
	WRSR FM	Owosso, MI	103.9	October 1, 2012	A	482	2.9	2.9
	WWCK FM	Flint, MI	105.5	October 1, 2012	B1	328	25	25
	WWCK AM	Flint, MI	1570	October 1, 2012	D	N.A.	1	0.1
Florence, SC	WYNN FM	Florence, SC	106.3	December 1, 2011	A	328	6	6
	WYNN AM	Florence, SC	540	December 1, 2011	D	N.A.	0.3	0.2
	WYMB AM	Manning, SC	920	December 1, 2011	B	N.A.	2.3	1
	WCMG FM	Latta, SC	94.3	December 1, 2011	C3	502	10.5	10.5
	WHSC AM	Hartsville, SC	1450	December 1, 2011	C	N.A.	1	1
	WBZF FM	Hartsville, SC	98.5	December 1, 2011	A	328	6	6
	WHLZ FM	Marion, SC	100.5	December 1, 2011	C3	328	21.5	21.5
	WMXT FM	Pamplico, SC	102.1	December 1, 2011	C2	479	50	50
Fort Smith, AR	WWFN FM	Lake City, SC	100.1	December 1, 2011	A	433	3.3	3.3
	KBBQ FM	Van Buren, AR	102.7	June 1, 2012	C2	574	17	17
	KOMS FM	Poteau, OK	107.3	June 1, 2013	C	1811	100	100
	KLSZ FM	Fort Smith, AR	100.7	June 1, 2012	C2	459	50	50
	KOAI AM	Van Buren, AR	1060	June 1, 2012	D	N.A.	0.5	0
Fort Walton Beach, FL	WKSJ FM	Ft Walton Beach, FL	99.5	February 1, 2012	C2	438	50	50
	WNCV FM	Niceville, FL	100.3	April 1, 2012	A	440	3.5	3.5
	WYZB FM	Mary Esther, FL	105.5	February 1, 2012	C3	305	25	25
	WZNS FM		96.5	February 1, 2012	C1	438	100	100

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		Ft Walton Beach, FL						
		Ft Walton Beach, FL	1260	February 1, 2012	D	N.A.	2.5	0.1
Grand Junction, CO	WFTW AM							
	KBKL FM	Grand Junction, CO	107.9	April 1, 2013	C	1460	100	100
	KEKB FM	Fruita, CO	99.9	April 1, 2013	C	1542	79	79
	KMXY FM	Grand Junction, CO	104.3	April 1, 2013	C	1460	100	100
	KKNN FM	Delta, CO	95.1	April 1, 2013	C	1424	100	100
	KEXO AM	Grand Junction, CO	1230	April 1, 2013	C	N.A.	1	1
Green Bay, WI	WOGB FM	Kaukauna, WI	103.1	December 1, 2012	C3	879	3.6	3.6
	WJLW FM	Allouez, WI	106.7	December 1, 2012	C3	328	25	25
	WDUZ FM	Brillion, WI	107.5	December 1, 2012	C3	879	3.6	3.6
	WQLH FM	Green Bay, WI	98.5	December 1, 2012	C1	499	100	100
	WDUZ AM	Green Bay, WI	1400	December 1, 2012	C	N.A.	1	1
Harrisburg, PA	WPCK FM	Denmark, WI	104.9	2012	C3	515	10	10
	WNNK FM	Harrisburg, PA	104.1	August 1, 2014	B	699	20.5	20.5
	WTPA FM	Mechanicsburg, PA	93.5	August 1, 2014	A	719	1.3	1.3
	WWKL FM	Palmyra, PA	92.1	August 1, 2014	A	601	1.5	1.5
	WTCY AM	Harrisburg, PA	1400	August 1, 2014	C	N.A.	1	1
Huntsville, AL	WZYP FM	Athens, AL	104.3	April 1, 2012	C	1,115	100	100
	WHRP FM	Tullahoma, TN	93.3	August 1, 2012	C1	981	100	100
	WVNN AM	Athens, AL	770	April 1, 2012	B	N.A.	7	0.3
	WUMP AM	Madison, AL	730	April 1, 2012	D	N.A.	1	0.1
	WVNN FM	Trinity, AL	92.5	April 1, 2012	A	423	3.1	3.1
	WXQW FM	Gurley, AL	94.1	April 1, 2012	A	934	0.7	0.7

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Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)	
							Day	Night
Kalamazoo, MI	WKFR FM	Battle Creek, MI	103.3	October 1, 2012	B	482	50	50
	WRKR FM	Portage, MI	107.7	October 1, 2012	B	486	50	50
	WKMI AM	Kalamazoo, MI	1360	October 1, 2012	B	N.A.	5	1
Killeen-Temple, TX	KLTD FM	Temple, TX	101.7	August 1, 2013	C3	410	16.5	16.5
	KQXB FM	Belton, TX	106.3	August 1, 2013	C3	489	11.5	11.5
	KSSM FM	Copperas Cove, TX	103.1	August 1, 2012	C3	558	8.6	8.6
	KUSJ FM	Harker Heights, TX	105.5	August 1, 2013	C2	600	33	33
	KTEM AM	Temple, TX	1400	August 1, 2013	C	N.A.	1	1
Lake Charles, LA	KKGB FM	Sulphur, LA	101.3	June 1, 2012	C3	479	12	12
	KBIU FM	Lake Charles, LA	103.3	June 1, 2012	C2	479	35	35
	KYKZ FM	Lake Charles, LA	96.1	June 1, 2012	C1	479	100	100
	KXZZ AM	Lake Charles, LA	1580	June 1, 2012	B	N.A.	1	1
	KQLK FM	DeRidder, LA	97.9	June 1, 2012	C2	492	50	50
	KAOK AM	Lake Charles, LA	1400	June, 1 2012	C	N.A.	1	1
	WVLK AM	Lexington, KY	590	August 1, 2012	B	N.A.	5	1
Lexington, KY	WLXX FM	Lexington, KY	92.9	August 1, 2012	C1	850	100	100
	WLTO FM	Nicholasville, KY	102.5	August 1, 2012	A	373	4.6	4.6
	WVLK FM	Richmond, KY	101.5	August 1, 2012	C3	541	9	9
	WXZZ FM	Georgetown, KY	103.3	August 1, 2012	A	328	6	6
	WCYN-FM	Cynthiana, KY	102.3	August 1, 2012	A	400	3.4	3.4
	WPEZ FM	Jeffersonville, GA	93.7	April 1, 2012	C1	679	100	100
	Macon, GA	WDDO AM	Macon, GA	1240	April 1, 2012	C	N.A.	1
WAYS AM		Macon, GA	1500	April 1, 2012	D	N.A.	1	0
WDEN FM		Macon, GA	99.1	April 1, 2012	C1	581	100	100
WIFN FM		Macon, GA	105.5	April 1, 2012	C3	659	6.1	6.1
WMAC AM		Macon, GA	940	April 1, 2012	B	N.A.	50	10
WLZN FM		Macon, GA	92.3	April 1, 2012	A	328	3	3
WMGB FM		Montezuma, GA	95.1	April 1, 2012	C2	390	46	46
Melbourne-Titus-Cocoa, FL		WHKR FM	Rockledge, FL	102.7	February 1, 2012	C2	433	50
	WAOA FM	Melbourne, FL	107.1	February 1, 2012	C1	486	100	100
	WINT AM	Melbourne, FL	1560	February 1, 2012	D	N.A.	5	0
	WSJZ FM	Sebastian, FL	95.9	February 1, 2012	C3	289	25	25
Mobile, AL	WYOK FM	Atmore, AL	104.1	April 1, 2012	C	1708	100	100
	WGOK AM	Mobile, AL	900	April 1, 2012	B	N.A.	1	0.4
	WBLX FM	Mobile, AL	92.9	April 1, 2012	C	1708	100	100
	WDLT FM	Chickasaw, AL	98.3	April 1, 2012	C2	548	40	40
	WDLT AM	Fairhope, AL	660	April 1, 2012	B	N.A.	10	0.9

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Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)	
							Day	Night
Montgomery, AL	WMSP AM	Montgomery, AL	740	April 1, 2012	B	N.A.	10	0.2
	WNZZ AM	Montgomery, AL	950	April 1, 2012	D	N.A.	1	0
	WMXS FM	Montgomery, AL	103.3	April 1, 2012	C	1096	100	100
	WLWI FM	Montgomery, AL	92.3	April 1, 2012	C	1096	100	100
	WHHY FM	Montgomery, AL	101.9	April 1, 2012	C0	1096	100	100
	WLWI AM	Montgomery, AL	1440	April 1, 2012	B	N.A.	5	1
	WXFX FM	Prattville, AL	95.1	April 1, 2012	C2	476	50	50
Myrtle Beach, SC	WSYN FM	Georgetown, SC	106.5	December 1, 2011	C2	492	50	50
	WDAI FM	Pawley s Island, SC	98.5	December 1, 2011	C3	666	6.1	6.1
	WJXY FM	Conway, SC	93.9	December 1, 2011	A	420	3.7	3.7
	WXJY FM	Georgetown, SC	93.7	December 1, 2011	A	315	6	6
	WIQB AM	Conway, SC	1050	December 1, 2011	B	N.A.	5	0.5
	WSEA FM	Atlantic Beach, SC	100.3	December 1, 2011	C3	476	12	12
Nashville, TN	WYAK FM	Surfside Beach, SC	103.1	2011	C3	528	8	8
	WQQK FM	Hendersonville, TN	92.1	August 1, 2012	A	463	3	3
	WNFN FM	Belle Meade, TN	106.7	August 1, 2012	A	774	1.1	1.1
	WRQQ FM	Goodlettsville, TN	97.1	August 1, 2012	C2	518	45	45
	WSM FM	Nashville, TN	95.5	August 1, 2012	C	1280	100	100
Odessa-Midland, TX	WWTN FM	Manchester, TN	99.7	August 1, 2012	C0	1,296	100	100
	KZBT FM	Midland, TX	93.3	August 1, 2013	C1	440	100	100
	KODM FM	Odessa, TX	97.9	August 1, 2013	C1	361	100	100
	KNFM FM	Midland, TX	92.3	August 1, 2013	C	984	100	100
	KBAT FM	Monahans, TX	99.9	August 1, 2013	C1	574	100	100
	KMND AM	Midland, TX	1510	August 1, 2013	D	N.A.	2.4	0
Oxnard-Ventura, CA	KRIL AM	Odessa, TX	1410	December 1, 2013	B	N.A.	1	0.2
	KVEN AM	Ventura, CA	1450	December 1, 2013	C	N.A.	1	1
	KHAY FM	Ventura, CA	100.7	December 1, 2013	B	1211	39	39
	KBBY FM	Ventura, CA	95.1	December 1, 2013	B	876	12.5	12.5
Pensacola, FL	KVYB FM	Ventura, CA	103.3	2013	B	2969	105	105
	WJLQ FM	Pensacola, FL	100.7	February 1, 2012	C	1708	100	100

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	WCOA AM	Pensacola, FL	1370	February 1, 2012	B	N.A.	5	5
	WRRX FM	Gulf Breeze, FL	106.1	February 1, 2012	A	407	3.9	3.9
Poughkeepsie, NY	WPDH FM	Poughkeepsie, NY	101.5	June 1, 2014	B	1539	4.4	4.4
	WPDA FM	Jeffersonville, NY	106.1	June 1, 2014	A	627	1.6	1.6
	WRRB FM	Arlington, NY	96.9	June 1, 2014	A	1007	0.3	0.3
	WZAD FM	Wurtsboro, NY	97.3	June 1, 2014	A	719	0.6	0.6
	WCZX FM	Hyde Park, NY	97.7	June 1, 2014	A	1030	0.3	0.3
	WEOK AM	Poughkeepsie, NY	1390	June 1, 2014	D	N.A.	5	0.1
	WKNY AM	Kingston, NY	1490	June 1, 2014	C	N.A.	1	1
	WKXP FM	Kingston, NY	94.3	June 1, 2014	A	545	2.3	2.3
	WALL AM	Middleton, NY	1340	June 1, 2014	C	N.A.	1	1
	WRRV FM	Middleton, NY	92.7	June 1, 2014	A	269	6	6
	WFAF FM	Poughkeepsie, NY	103.9	June 1, 2014	A	669	.6	.6

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Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)	
							Day	Night
Quad Cities, IA	KQCS FM	Bettendorf, IA	93.5	February 1, 2013	A	318	6	6
	KBEA FM	Muscatine, IA	99.7	February 1, 2013	C1	869	100	100
	KBOB FM	DeWitt, IA	104.9	December 1, 2012	C3	469	12.5	12.5
	KJOC AM	Davenport, IA	1170	February 1, 2013	B	N.A.	1	1
Rochester, MN	WXLP FM	Moline, IL	96.9	December 1, 2012	B	499	50	50
	KROC AM	Rochester, MN	1340	April 1, 2013	C	N.A.	1	1
	KROC FM	Rochester, MN	106.9	April 1, 2013	C0	1109	100	100
	KYBA FM	Stewartville, MN	105.3	April 1, 2013	C2	492	50	50
	KFIL FM	Preston, MN	103.1	April 1, 2013	C3	528	3.5	3.5
	KFIL AM	Preston, MN	1060	April 1, 2013	D	N.A.	1	0
	KVGO FM	Spring Valley, MN	104.3	April 1, 2013	C3	512	10	10
	KOLM AM	Rochester, MN	1520	April 1, 2013	D	N.A.	10	0.8
	KWWK FM	Rochester, MN	96.5	April 1, 2013	C2	528	43	43
	KLCX FM	Saint Charles, MN	107.7	April 1, 2013	A	571	2	2
Rockford, IL	WROK AM	Rockford, IL	1440	December 1, 2012	B	N.A.	5	0.3
	WZOK FM	Rockford, IL	97.5	December 1, 2012	B	430	50	50
	WXXQ FM	Freeport, IL	98.5	December 1, 2012	B1	492	11	11
	WKGL FM	Loves Park, IL	96.7	December 1, 2012	A	551	2.2	2.2
Santa Barbara, CA	KRUZ FM	Santa Barbara, CA	97.5	December 1, 2013	B	2920	17.5	17.5
Savannah, GA	KMGQ FM	Goleta, CA	106.3	December 1, 2013	A	827	0.1	0.1
	WJCL FM	Savannah, GA	96.5	April 1, 2012	C	1161	100	100
	WIXV FM	Savannah, GA	95.5	April 1, 2012	C1	988	98	98
	WTYB FM	Tybee Island, GA	103.9	April 1, 2012	C2	344	50	50
	WBMQ AM	Savannah, GA	630	April 1, 2012	D	N.A.	4.8	0
	WEAS FM	Springfield, GA	93.1	April 1, 2012	C1	981	100	100
	WJLG AM	Savannah, GA	900	April 1, 2012	D	N.A.	4.4	0.2
	WZAT FM	Savannah, GA	102.1	April 1, 2012	C	1496	100	100
Shreveport, LA	KMJJ FM	Shreveport, LA	99.7	June 1, 2012	C2	463	50	50
	KRMD FM	Oil City, LA	101.1	June 1, 2012	C0	1134	100	100
	KRMD AM	Shreveport, LA	1340	June 1, 2012	C	N.A.	1	1
	KVMA FM	Shreveport, LA	102.9	June 1, 2012	C2	535	42	42
	KQHN FM	Magnolia, AR	107.9	June 1, 2012	C1	351	100	100
Sioux Falls, SD	KYBB FM	Canton, SD	102.7	April 1, 2013	C2	486	50	50

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KIKN FM	Salem, SD	100.5	April 1, 2013	C1	942	100	100
KKLS FM	Sioux Falls, SD	104.7	April 1, 2013	C1	981	100	100
KMXC FM	Sioux Falls, SD	97.3	April 1, 2013	C1	840	100	100
KSOO AM	Sioux Falls, SD	1140	April 1, 2013	B	N.A.	10	5
KXRB AM	Sioux Falls, SD	1000	(A)	D	N.A.	10	0.1
KDEZ FM	Brandon, SD	100.1	C	A	170.2	2.2	2.2

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Market	Stations	City of License	Frequency	Expiration Date of License	FCC Class	Height Above Average Terrain (in feet)	Power (in Kilowatts)	
							Day	Night
Tallahassee, FL	WHBX FM	Tallahassee, FL	96.1	(A)	C2	479	37	37
	WBZE FM	Tallahassee, FL	98.9	February 1, 2012	C1	604	100	100
	WHBT AM	Tallahassee, FL	1410	February 1, 2012	D	N.A.	5	0
	WGLF FM	Tallahassee, FL	104.1	February 1, 2012	C	1394	100	100
	WWLD FM	Cairo, GA	102.3	(A)	C2	604	27	27
Toledo, OH	WKKO FM	Toledo, OH	99.9	October 1, 2012	B	500	50	50
		Bowling Green, OH						
	WRQN FM	OH	93.5	October 1, 2012	B1	397	7	7
	WTOD AM	Toledo, OH	1560	October 1, 2012	D	N.A.	5	0
	WWWM FM	Sylvania, OH	105.5	October 1, 2012	A	390	4.3	4.3
	WLQR AM	Toledo, OH	1470	October 1, 2012	B	N.A.	1	1
	WXKR FM	Port Clinton, OH	94.5	October 1, 2012	B	630	30	30
Topeka, KS	WRWK FM	Delta, OH	106.5	October 1, 2012	A	367	4.8	4.8
	KDVV FM	Topeka, KS	100.3	June 1, 2013	C	984	100	100
	KMAJ FM	Topeka, KS	107.7	June 1, 2013	C	1214	100	100
	KMAJ AM	Topeka, KS	1440	June 1, 2013	B	N.A.	5	1
	KTOP AM	Topeka, KS	1490	June 1, 2013	C	N.A.	1	1
	KQTP FM	St. Marys, KS	102.9	June 1, 2013	C2	598	30	30
	KWIC FM	Topeka, KS	99.3	June 1, 2013	C3	538	6.8	6.8
Waterloo-Cedar Falls, IA	KRWP FM	Stockton, MO	107.7	February 1, 2013	C3	479	11.7	11.7
	KOEL FM	Cedar Falls, IA	98.5	February 1, 2013	C3	423	15	15
	KKHQ FM	Oelwein, IA	92.3	February 1, 2013	C	991	100	100
	KOEL AM	Oelwein, IA	950	February 1, 2013	B	N.A.	5	0.5
Westchester County, NY		Grundy Center, IA						
	KCRR FM	IA	97.7	February 1, 2013	C3	407	16	16
	WFAS AM	White Plains, NY	1230	June 1, 2014	C	N.A.	1	1
	WFAS FM	White Plains, NY	103.9	June 1, 2014	A	669	0.6	0.6
Wichita Falls, TX	WFAF FM	Mount Kisco, NY	106.3	June 1, 2014	A	443	1	1
	KLUR FM	Wichita Falls, TX	99.9	August 1, 2013	C1	808	100	100
	KQXC FM	Wichita Falls, TX	103.9	August 1, 2013	A	807	19	19
	KYYI FM	Burkburnett, TX	104.7	August 1, 2013	C1	285	0.7	0.7
Wilmington, NC	KOLI FM	Electra, TX	94.9	August 1, 2013	C2	492	50	50
	WWQQ FM	Wilmington, NC	101.3	December 1, 2011	C2	545	40	40
	WGNI FM	Wilmington, NC	102.7	December 1, 2011	C1	981	100	100
	WMNX FM	Wilmington, NC	97.3	December 1, 2011	C1	883	100	100
	WKXS FM	Leland, NC	94.5		A	416	3.8	3.8

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				December 1, 2011				
				December 1, 2011				
Youngstown, OH	WAAV AM	Leland, NC	980	December 1, 2011	B	N.A.	5	5
	WBBW AM	Youngstown, OH	1240	October 1, 2012	C	N.A.	1	1
	WPIC AM	Sharon, PA	790	August 1, 2006	D	N.A.	1	0.1
	WYFM FM	Sharon, PA	102.9	August 1, 2006	B	604	33	33
	WHOT FM	Youngstown, OH	101.1	October 1, 2012	B	705	24.5	24.5
	WLLF FM	Mercer, PA	96.7	August 1, 2006	A	486	1.4	1.4
	WWIZ FM	Mercer, PA	103.9	August 1, 2006	A	295	6	6
	WQXK FM	Salem, OH	105.1	October 1, 2012	B	446	88	88
	WSOM AM	Salem, OH	600	October 1, 2012	D	N.A.	1	0

Regulatory Approvals. The Communications Laws prohibit the assignment or transfer of control of a broadcast license without the prior approval of the FCC. In determining whether to grant an application for assignment or transfer of control of a broadcast license, the Communications Act requires the FCC to find that the assignment or transfer would serve the public interest. The FCC considers a number of factors in making this determination, including (1) compliance with various rules limiting common ownership of media properties, (2) the financial and character qualifications of the assignee or transferee (including those parties holding an

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attributable interest in the assignee or transferee), (3) compliance with the Communications Act's foreign ownership restrictions, and (4) compliance with other Communications Laws, including those related to programming and filing requirements.

As discussed in greater detail below, the FCC may also review the effect of proposed assignments and transfers of broadcast licenses on economic competition and diversity. See Antitrust and Market Concentration Considerations.

We had two assignment applications, approved by the FCC, that currently are the subject of an application for review filed with the FCC by Quantum Communications. The applications involve the exchange of two of our FM stations in the Fort Walton Beach, Florida market for two other stations in that market. Quantum Communications has some radio stations in the market and has complained to the FCC that the swaps would give us an unfair competitive advantage (because the stations we would acquire reach more people than the station we would be giving up). Despite the pendency of Quantum's objection, we closed on one of the acquisitions (WPGG-FM). However Quantum initiated litigation in the United States District Court for the Southern District of Florida against the Seller with respect to the other station (WTKE-FM) and secured a court decision that would require the sale of the station to Quantum instead of us. Although that decision is still subject to appeal, there is a possibility that the Company will be unable to consummate one of the exchanges it had proposed with the seller. We cannot predict the final outcome of this matter, but we do not believe that any adverse decision will have a material adverse impact on our overall operations taken as a whole.

Ownership Matters. The Communications Act restricts us from having more than one-fourth of our capital stock owned or voted by non-U.S. persons, foreign governments or non-U.S. corporations. We are required to take appropriate steps to monitor the citizenship of our stockholders, such as through representative samplings on a periodic basis, to provide a reasonable basis for certifying compliance with the foreign ownership restrictions of the Communications Act.

The Communications Laws also generally restrict (1) the number of radio stations one person or entity may own, operate or control in a local market, (2) the common ownership, operation or control of radio broadcast stations and television broadcast stations serving the same local market, and (3) the common ownership, operation or control of a radio broadcast station and a daily newspaper serving the same local market.

None of these multiple and cross ownership rules requires any change in our current ownership of radio broadcast stations or precludes consummation of our pending acquisitions. The Communications Laws will limit the number of additional stations that we may acquire in the future in our existing markets as well as new markets.

Because of these multiple and cross ownership rules, a purchaser of our voting stock who acquires an attributable interest in us (as discussed below) may violate the Communications Laws if such purchaser also has an attributable interest in other radio or television stations, or in daily newspapers, depending on the number and location of those radio or television stations or daily newspapers. Such a purchaser also may be restricted in the companies in which it may invest to the extent that those investments give rise to an attributable interest. If one of our attributable stockholders violates any of these ownership rules, we may be unable to obtain from the FCC one or more authorizations needed to conduct our radio station business and may be unable to obtain FCC consents for certain future acquisitions.

The FCC generally applies its television/radio/newspaper cross-ownership rules and its broadcast multiple ownership rules by considering the attributable or cognizable interests held by a person or entity. With some exceptions, a person or entity will be deemed to hold an attributable interest in a radio station, television station or daily newspaper if the person or entity serves as an officer, director, partner, stockholder, member, or, in certain cases, a debt holder of a company that owns that station or newspaper. Whether that interest is attributable and thus subject to the FCC's

multiple ownership rules, is determined by the FCC's attribution rules. If an interest is attributable, the FCC treats the person or entity who holds that interest as the owner of the radio station, television station or daily newspaper in question, and that interest thus counts against the person in determining compliance with the FCC's ownership rules.

With respect to a corporation, officers, directors and persons or entities that directly or indirectly hold 5% or more of the corporation's voting stock (20% or more of such stock in the case of insurance companies, investment

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companies, bank trust departments and certain other passive investors that hold such stock for investment purposes only) generally are attributed with ownership of the radio stations, television stations and daily newspapers owned by the corporation. As discussed below, participation in an LMA or a JSA also may result in an attributable interest. See Local Marketing Agreements and Joint Sales Agreements.

With respect to a partnership (or limited liability company), the interest of a general partner is attributable, as is the interest of any limited partner (or limited liability company member) who is materially involved in the media-related activities of the partnership (or limited liability company). The following interests generally are not attributable: (1) debt instruments, non-voting stock, options and warrants for voting stock, partnership interests, or membership interests that have not yet been exercised; (2) limited partnership or limited liability company interests where (a) the limited partner or member is not materially involved in the media-related activities of the partnership or limited liability company, and (b) the limited partnership agreement or limited liability company agreement expressly insulates the limited partner or member from such material involvement by inclusion of provisions specified by the FCC; and (3) holders of less than 5% of an entity's voting stock. Non-voting equity and debt interests which, in the aggregate, constitute more than 33% of a station's enterprise value, which consists of the total equity and debt capitalization, are considered attributable in certain circumstances.

On June 2, 2003, the FCC adopted new rules and policies (the New Rules