

## **DESCRIPTION OF TRANSACTION**

The instant application emanates from a Prepackaged Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code (as may be amended from time to time, the “Chapter 11 Plan”) filed by each of AR Broadcasting Holdings, Inc. (“AR Broadcasting Holdings”), AR Broadcasting, LLC (“AR Broadcasting”) and AR Licensing, LLC (“AR Licensing”) on November 17, 2011 with the United States Bankruptcy Court District of Delaware (“Bankruptcy Court”).<sup>1</sup> AR Broadcasting Holdings, AR Broadcasting, and AR Licensing are now operating as “debtors-in-possession” and collectively are referred to herein as, the “Debtors.”

The parties to this application seek the consent of the Federal Communications Commission (“FCC”) to the transfer of control of AR Licensing (formerly CMP KC Licensing, LLC), the licensee of FM radio stations KHJK (FAC ID 48676), La Porte, TX, KFNC (FAC ID 5240), Beaumont, TX, KMJK (FAC ID 33713), North Kansas City, MO, and KCHZ (FAC ID 33332), Ottawa, KS (collectively, the “Stations”), from AR Broadcasting Holdings (formerly CMP Susquehanna Holdings Corp.), as controlled by Cumulus Media Partners, LLC (“Cumulus Media”), as debtor-in-possession, to post-bankruptcy AR Broadcasting Holdings (“Post-Bankruptcy AR Broadcasting Holdings”), which will be controlled by Oxford Radio, LLC, a limited liability company (“Oxford Radio”), which is controlled by W. Lawrence Patrick (“Mr. Patrick”), after the reorganization pursuant to the Chapter 11 Plan.

### **1. Background**

On November 17, 2011, each of the Debtors filed a petition in the Bankruptcy Court seeking relief under the provisions of Chapter 11 of the Bankruptcy Code to effectuate a pre-negotiated restructuring of the debt obligations of the Debtors. Accordingly, the Debtors are now operating as debtors-in-possession under the Bankruptcy Court’s oversight. Promptly following the Bankruptcy Court filings, on November 21, 2011, the Debtors filed an application seeking the FCC’s consent to the pro forma transfer of control of the FCC licenses for the Stations held by AR Licensing to the Debtors as “debtor-in-possession” under Chapter 11, which application was granted on November 28, 2011.<sup>2</sup> As explained herein, the Debtors propose through the Chapter 11 Plan to cancel certain existing debt, and in exchange to provide certain of their creditors with stock and warrants to acquire stock in Post-Bankruptcy AR Broadcasting Holdings. Certain stock will also be issued to Oxford Radio which will be the single majority shareholder of Post-Bankruptcy AR Broadcasting Holdings. The necessary approvals of the Bankruptcy Court and the FCC are conditions to the Chapter 11 Plan becoming effective.

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<sup>1</sup> Voluntary Petition, In re: AR Broadcasting Holdings, Inc., *et al*, Case No. 11-13674 (BLS), (Bankr. Del. November 17, 2011).

<sup>2</sup> See FCC File Nos. BALH-20111121DAN/DAO/DAP/DAQ.

## 2. The Chapter 11 Plan

The Chapter 11 Plan contemplates that on and after the effective date of the Chapter 11 Plan ("Effective Date"), each of the Debtors will cease operating as debtors-in-possession and will be reorganized in accordance with applicable bankruptcy law. Pursuant to the Chapter 11 Plan, on the emergence from bankruptcy, all of the currently outstanding equity interests held by Cumulus Media (the sole shareholder of AR Broadcasting Holdings) in AR Broadcasting Holdings will be cancelled and extinguished. On the effective date, Post-Bankruptcy AR Broadcasting Holdings will emerge from bankruptcy and new common stock and special warrants in Post-Bankruptcy AR Broadcasting Holdings will be issued. The ownership of Post-Bankruptcy AR Broadcasting Holdings, following the restructuring, is described in 3., below.

## 3. Ownership and Control of Post-Bankruptcy AR Broadcasting Holdings (following Reorganization)

Prior to the reorganization, AR Licensing was a direct wholly-owned subsidiary of AR Broadcasting. AR Broadcasting, in turn, was a direct wholly-owned subsidiary of AR Broadcasting Holdings and AR Broadcasting Holdings was, in turn, a direct wholly-owned subsidiary of Cumulus Media. Upon the Effective Date, following FCC approval, AR Licensing will continue to be wholly owned by AR Broadcasting, which will be wholly owned by Post-Bankruptcy AR Broadcasting Holdings, which will be controlled by Oxford Radio, as the single majority shareholder. Pursuant to the Chapter 11 Plan, on the Effective Date, Oxford Radio will hold 76% of the new common voting stock of Post-Bankruptcy AR Broadcasting Holdings and the entities that hold secured claims pursuant to debt issued under the Debtor's Credit Agreement dated as of May 3, 2006, will hold 24% of the new common stock of Post-Bankruptcy AR Broadcasting Holdings and warrants exercisable into new common stock. The warrants have no voting rights. The warrant holders may receive dividends as determined by the board of directors of Post-Bankruptcy AR Broadcasting Holdings in its sole discretion, unless an FCC ruling prohibits such distribution to warrant holders or Post-Bankruptcy AR Broadcasting Holdings is advised by counsel that such distribution is reasonably likely to cause it to be out of compliance with applicable FCC rules and regulations.

Upon consummation of the reorganization, Oxford Radio will be the single majority shareholder of Post-Bankruptcy AR Broadcasting Holdings and thus no individual, other than Mr. Patrick or Robert A. Schmitz, the sole director of AR Broadcasting Holdings, or any entity, other than Oxford Radio, will have an attributable interest in Post-Bankruptcy AR Broadcasting Holdings.

The initial director of Post-Bankruptcy AR Broadcasting Holdings will be Robert A. Schmitz. The initial officers of Post-Bankruptcy AR Broadcasting Holdings will be Mr. Patrick, as President, Treasurer and Secretary. The Director and officers of Post-Bankruptcy AR Broadcasting Holdings are also listed in the Application.

4. Agreements

Copies of the Chapter 11 Plan and the Disclosure Statement are included as attachments at Exhibit 15. The Bankruptcy Court has not yet issued an order confirming the Chapter 11 Plan (“Confirmation Order”). Accordingly, the applicants intend to amend the Application to include the Confirmation Order once it is issued by the Bankruptcy Court. The table of contents of the Disclosure Statement identifies the Exhibits submitted to the Bankruptcy Court. Other than the Chapter 11 Plan, which is Exhibit A to the Disclosure Statement, applicants are not submitting the Exhibits to the Disclosure Statement with the Application. The omitted material is voluminous, available to the public through the Bankruptcy Court, and is not germane to the Commission's evaluation of this Application and therefore need not be produced at this time, but will be submitted to the FCC upon request. See *LUJ, Inc.*, 17 FCC Rcd 16980 (2000); Public Notice, DA 02-2049 (Rel. Aug. 22, 2002). On the Effective Date, AR Broadcasting and AR Licensing intend to enter into a Management Agreement and a Facilities Use Agreement with certain affiliates of Cumulus Media relating to certain operations of the Stations, copies of which are included as attachments at Exhibit 15.

5. Parties to the Application.

As stated above, Oxford Radio will hold 76% of the common stock and will be the single majority shareholder and sole attributable shareholder of Post-Bankruptcy AR Broadcasting Holdings. All other shareholders of Post-Bankruptcy AR Broadcasting Holdings will be non-attributable. The organizational documents of Post-Bankruptcy AR Broadcasting Holdings are attached hereto at Exhibit 15.