

SUPPLEMENT TO EXHIBIT REGARDING
FOREIGN OWNERSHIP

This Exhibit is being filed as a supplement to the exhibit regarding Foreign Ownership, Exhibit No. 18 (the "Foreign Ownership Exhibit") in support of the pending applications for FCC consent to the voluntary assignment of licenses to various subsidiaries of Millennium Radio Group, LLC ("Millennium Radio") which is the indirect owner of the proposed assignees.¹

During the pendency of these applications, the Mass Media Bureau's legal staff has raised certain questions about the voting structure of the Advisory Committee under the Limited Liability Company Agreement of Millennium Radio ("LLC Agreement"), which is on file with the Commission. In an email sent to the members of the Bureau's staff on November 23, 2001, Millennium Radio notified the Commission of certain changes that would be made to the agreement in response to the questions raised by the Bureau. In a subsequent meeting with the staff, Millennium Radio indicated that it was proposing to admit one or more Alta entities into the limited liability company. Accordingly, the purpose of this supplement is to identify the pertinent changes that will be made to Millennium Radio's LLC Agreement as well as to satisfy the Commission that the addition of the Alta-related entities does not change the earlier conclusion that Millennium Radio remains in full compliance with the applicable foreign ownership requirements.

The parties hereto intend to enter into an Amended and Restated Limited Liability Company Agreement and Debenture Purchase Agreement (the "LLC Agreement"), inter alia, to memorialize the changes already proposed to the Commission as well as to admit a newly formed Alta entity, Alta/Millennium Corp. ("Alta"), as an LLC member of Millennium Radio, to increase the capitalization of Millennium Radio overall, and to replace the independent fourth Advisory Committee member with a representative of Alta. That document is now being finalized by the parties and will be filed with the Commission as soon as practicable.

However, it is hereby represented that the following changes, pertinent to the questions raised by the Bureau's legal staff, will be reflected in the LLC Agreement. Specifically, the LLC Agreement will show the following:

1. The Advisory Committee shall consist of four Committee Members and the presence of the four Committee Members will be required for the Advisory Committee to conduct its business.

¹ See FCC File Nos. BAL, BAPLH-20010608AAQ, AAR, BALH-20010611AEE, BAL, BALH-20010618AAN, AAO, AAP, AAT, AAU.

2. The initial designees of these LLC members are United States citizens: Charles W. Banta for Mercury; Michael Greene for Capital Radio; Peter S. Handy for Handy/Astron; and Brian McNeill for Alta. Mr. McNeill will replace Brian McCormick on the Advisory Committee.

3. Sections 7.1(a) and 7.1(b) of the LLC Agreement provide as follows:

"(a) Except as otherwise provided in this LLC Agreement, the business and affairs of Millennium and all Subsidiaries of Millennium (including without limitation all Holdcos, Asset Holdcos and License Holdcos) shall be managed by or under the direction of the Advisory Committee. The Advisory Committee may not delegate all or any portion of the day-to-day operation of the Business to any Member or its Affiliates other than pursuant to a written management services agreement. The Advisory Committee will initially delegate day-to-day operations to Mercury pursuant to a Management Services Agreement substantially in the form set forth as **Exhibit H** (the '**Management Services Agreement**'). Millennium and the Members acknowledge and agree that CRH will not be involved in the day-to-day operation of the Business of Millennium unless such involvement were consistent with the Communications Laws in all material respects.

(b) The initial Advisory Committee shall consist of four (4) Committee Members, each of whom shall be United States citizens. The Advisory Committee may be expanded upon the affirmative vote of the Advisory Committee. Mercury shall have the right to designate one of the Committee Members as well as to replace its designee. Mercury hereby designates Banta as its initial designee to serve as a Committee Member. CRH shall have the right to designate one of the Committee Members as well as to replace its designee. CRH hereby designates Michael Greene as its initial designee to serve as a Committee Member. Handy and Astron acting together as one ("Handy/Astron") shall have the right to designate one of the Committee Members as well as to replace its designee; provided, that any such replacement designee shall be subject to the written approval of a majority of Handy/Astron, Mercury, CRH and Alta Corp. Handy/Astron hereby designates Peter Handy as its initial designee to serve as a Committee Member. Alta Corp. shall have the right to designate one of the Committee Members (the "Alta Committee Member") as well as to replace its designee; provided, that if any Alta Committee Member shall be required to resign pursuant to Section 12.1(g) or otherwise at any time shall become an Affiliate, officer, director, employee, agent, member or managing member of any entity whose core business is the Business and whose predominant source of revenues is derived from the Business and which operates in a Total Service Area

where a Millennium Entity is engaged in the Business, such Alta Committee Member automatically shall be deemed to have resigned as the Alta Committee Member unless a majority of Mercury, CRH, Handy/Astron and Alta Corp. consent in writing to retain such Alta Committee Member. Upon the removal or resignation of the Alta Committee Member under the circumstances described in the proviso to the preceding sentence, all subsequent designated replacements of the Alta Committee Member shall be subject to the approval of a majority of Mercury, CRH, Handy/Astron and Alta Corp. Alta Corp. hereby designates Brian McNeill as its initial designee to serve as a Committee Member. Unless otherwise provided for, a vacancy on the Advisory Committee shall be filled in the manner prescribed herein for appointment to the Advisory Committee.

Notwithstanding anything above to the contrary, in the event that any Committee Member fails to attend two (2) or more consecutive meetings of the Advisory Committee that were properly called in accordance with Section 7.5(a), then such Committee Member automatically shall be deemed to have resigned as a Committee Member, effective upon the scheduled date of the second such unattended meeting; provided, that at least 2 days prior to the second such meeting, the Member which appointed such Committee Member shall have been given written notice of the potential automatic resignation of such Committee Member. A majority of Handy/Astron, Mercury, CRH and Alta Corp. shall have the right to designate a replacement for such resigned Committee Member (the "Replacement Committee Member"). Thereafter a majority of Handy/Astron, Mercury, CRH and Alta Corp. shall have the right to remove and designate a replacement of the Replacement Committee Member (and any and all of such Replacement Committee Member's successors).

4. Sections 7.3(i), 7.3(v), and 7.3(m)(iii) of the LLC Agreement provide as follows:

"7.3 Required Consents. Subject to Sections 13.1(b) and (c), and absent the prior written consent of each of Mercury, CRH and (with respect to those items enumerated in Section 7.2) Alta Corp. as Members, acting in their sole and absolute discretion through their respective designated Committee Members, neither Millennium nor any Subsidiary of Millennium, including without limitation all Holdcos, Asset Holdcos and License Holdcos (each, together with Millennium, a "**Millennium Entity**") nor the Advisory Committee shall:

...

(i) Except for authority expressly provided under the Management Services Agreement, enter into or amend any (i) Contract which is not in the ordinary course of business (Contracts in the ordinary course of business being subject only to the approval of the Advisory Committee), (ii) Contract which

continues for a period of more than twelve (12) months, (iii) Contracts which restrict the Business (such as Contracts containing non-competition provisions) or (iv) Contracts or transactions with any Member or Affiliate of a Member;

...

(v) (i) Sell, lease, transfer or otherwise dispose of any or all assets of a Millennium Entity, (ii) make or commit to make any capital or other expenditure by any Millennium Entity, or (iii) otherwise make any commitment or enter into any agreement involving any Millennium Entity, unless such action referred to in clause (i), (ii) and (iii) and the amount of the expenditure or commitment relating thereto is reflected in the Business Plan (or within 10% of the amount reflected in the Business Plan), except as provided for in Sections 15.1 and 15.2 ;

...

"(m) ... (iii) grant, enter into, amend, terminate or make any decision with respect to renewal or non-renewal of any employment, bonus or other compensation arrangement with the chief executive officer or chief financial officer of any Millennium Entity;"

5. Section 7.8 of the LLC Agreement provides as follows:

“7.8 Termination of the Management Services Agreement. The Management Services Agreement shall be subject to review and renewal by the vote of a majority of the Advisory Committee, which shall include the affirmative vote of the representatives of Mercury, Alta Corp. and CRH, on an annual basis, except that such vote will be required to continue the Management Services Agreement at any time when the operating revenues or broadcast cash flow adversely deviate from the targets set in the Business Plan for any trailing twelve month period by more than 10% (absent which the agreement will terminate). The Advisory Committee, at its discretion, shall have the right to terminate the Management Services Agreement upon written notice. Upon such termination or upon non-renewal at the end of the annual period, the Advisory Committee, which shall include the affirmative vote of each of the representatives of Mercury, Alta Corp. and CRH, may select a new management company.”

As mentioned above, it is proposed that Alta will become a limited liability member of Millennium Radio. Affiliates of Alta will also become additional lenders to Millennium Radio.

Alta is a Delaware corporation as well as an attributable investor in several Commission licensees and, as such, has had its qualifications reviewed and approved by the Commission on numerous occasions. Alta will invest equity in the amount of \$563,380 for a 2.78% ownership interest in Millennium Radio. Affiliates of Alta have also committed \$19,436,620 in debt

financing, which will be subordinate to the senior debt financing expected from the Bank of New York or some other equivalent financial institution.

Mercury's equity investment in Millennium Radio will be \$15,816,269, a 77.93% ownership interest. Peter S. Handy's equity investment in Millennium Radio will be \$226,919, a 1.12% ownership interest, and the equity investment of Mr. Handy's affiliated corporation, Astron will be \$907,677, a 4.47% ownership interest. Capital Radio's equity investment in Millennium Radio will be \$2,780,961, a 13.70% ownership interest, and its commitment of debt financing will be \$95,943,173.² Thus, Millennium Radio will continue to be majority owned by Mercury. Moreover, its day-to-day operations will continue to be under the authority of Charles W. Banta as previously set forth in the Foreign Ownership Exhibit.

As set forth below, this changed ownership structure is consistent with Section 310(b) of the Communications Act of 1934, as amended.

A. No Foreign Control

As set forth in the Foreign Ownership Exhibit, Mr. Banta, a United States citizen and very experienced radio broadcaster, will continue to manage the day-to-day business and operations of Millennium Radio, subject to the authority of an Advisory Committee representing the owners of Millennium Radio.

The Advisory Committee will continue to be comprised of four (4) individuals. Each member will have only one vote. All members of the Committee must be present to constitute a quorum for the conduct of business. Each such member will be a United States citizen, including the person who is the representative of Capital Radio. As previously indicated, Mr. Banta will be the representative for Mercury; Mr. Handy for himself and Astron; and Mr. Greene for Capital Radio. Moreover, with the addition of Alta as a member of Millennium Radio, Alta will, as mentioned above, have the right to designate the fourth Committee Member. Alta has designated Mr. Brian McNeill as its initial representative. With the exception of Mr. Banta, no Board member, including Capital Radio and its representative, will have the ability, acting alone, to exercise any authority over or become involved in any of the day-to-day operations of Millennium. At no time will Capital Radio have more than one vote representing twenty-five percent (25%) of voting authority on the Advisory Committee. Mercury, Capital Radio, and now Alta, will have veto rights with respect to certain "major actions."

It is clear from the foregoing that Millennium will continue to be controlled by United States entities and persons and that Capital Radio will not have any control of, or undue influence over, Millennium.

² These financing plans encompass the funding necessary for the now closed Citadel-Millennium transaction and the transactions represented by the pending applications to assign radio stations to subsidiaries of Millennium Radio.

B. Compliant Foreign Ownership

After the changes set forth in this Supplement, Millennium Radio will continue to comply with the Commission's foreign ownership limits. Through each of Alta, Mercury and Capital Radio, Millennium Radio has attributed to it a total of 24.91% foreign ownership and a total of 13.70% foreign voting, amounts below the 25% foreign ownership "cap" contained in Section 310(b)(4) of the Act.

Alta, the new investor in Millennium Radio, is owned as follows: Alta Communications VIII, L.P. ("Alta VIII") holds a 93.26% voting equity interest; Alta Communications VIII-B, L.P. ("Alta VIII-B") holds a 5.19% voting equity interest; and Alta-Comm VIII S by S, LLC ("Alta-Comm") holds a 1.54% voting equity interest. Alta VIII is 0.01% foreign owned, and Alta VIII-B is 0.02% foreign owned. Alta-Comm has no foreign ownership. Accordingly, Alta is 0.93% foreign owned ($0.01\% \times 93.26\% + 0.02 \times 5.19\%$). Since Alta owns 2.78% of Millennium Radio, it may be said that Millennium Radio will be at least 0.03% foreign owned by virtue of Alta's ownership in Millennium Radio.

As indicated in the Foreign Ownership Exhibit, one of Mercury's insulated limited partners, BMO Nesbitt Burns (U.S.), Inc. ("BMO"), is 100% foreign owned. Accordingly, since BMO owns 14.35% of Mercury, and since Mercury owns 77.93% of Millennium Radio, it may be said that Millennium Radio will be at least 11.18% foreign owned by virtue of Mercury's ownership in Millennium Radio.

Moreover, as indicated in the Foreign Ownership Exhibit, Capital Radio is essentially 100% foreign owned. Accordingly, since Capital Radio will own 13.70% of Millennium Radio, Millennium Radio is deemed to be 24.91% ($13.70\% + 0.03\% + 11.18\%$) foreign owned in compliance with the 25% ownership limit contained in Section 310(b)(4) of the Act.

Similarly, foreign voting interests in Millennium Radio comply with the 25% benchmark. Alta's foreign voting interest in Millennium Radio is 0.0003%, while Capital Radio's foreign voting interest in Millennium Radio is 13.70%, and Mercury's foreign voting interest because of insulation is 0%, thereby resulting in a 13.70% foreign voting interest, which is well below the 25% benchmark.