

**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.<sup>1</sup>

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, 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 being negotiated by the parties and therefore is not available at this time.

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 Amended and Restated LLC Operating Agreement. Specifically, the Amended and Restated LLC Operating 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.

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

2. Each of Mercury Capital Partners, L.P. ("Mercury"), Capital Radio Holdings, LLC ("Capital Radio"), Peter S. Handy/Astron Services, Inc. (collectively, "Handy/Astron") and Alta shall have the right to appoint ("designate") to their own respective representatives on the Advisory Committee, as well as replacements thereof.

3. 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.

4. In the case of Handy/Astron, their *replacement* designee, for purposes of appointment to the Advisory Committee, shall be subject to the majority vote of Mercury, Capital Radio, Handy/Astron and Alta.

5. In the case of Alta, its *replacement* designee, for purposes of appointment to the Advisory Committee, but only if such replacement designee has any financial interest in or connection to a business in competition with Millennium, shall be subject to the majority vote of Mercury, Capital Radio, Handy/Astron and Alta. Otherwise Alta's replacement designee shall not be subject to approval.

6. If any member of the Advisory Committee fails to attend two consecutive meetings of the Advisory Committee, such Committee Member shall be deemed to have resigned from the Advisory Committee; the other three Committee Members may designate the replacement Committee Member whose appointment shall be subject to the majority vote of Mercury, Capital Radio, Handy/Astron and Alta; provided, that the member whose Committee Member resigned shall be deemed to have voted for the replacement Committee Member. Thereafter, a majority of the four Committee Members would be required to remove the replacement Committee Member and to designate a new replacement Committee Member.

7. The provisions in the current LLC Operating Agreement relating to (i) the monetary thresholds for supermajority approval, (ii) the hiring and firing of officers and replacement of CEO and CFO, and (iii) renewal of the management services agreement will be amended consistent with the proposals contained in the November 23, 2001 email to the Bureau's legal staff.

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.<sup>2</sup> 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."

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<sup>2</sup> 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.

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.

### **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% x 93.26% plus 0.02 x 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% plus 0.03% plus 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.