

## **DESCRIPTION OF PROPOSED TRANSACTION**

This application seeks the consent of the Federal Communications Commission (“Commission” or “FCC”) to the transfer of control of **Riviera Broadcast Group, LLC** (“RBG”) from RBG’s present controlling members (“Transferors”) to **Atmor Properties, Inc.** (“Atmor”) and **Goldman, Sachs & Co., a New York Limited Partnership** (“Goldman”, and together with Atmor, the “Transferees”). The proposed transfer of control of RBG also will result in the transfer of indirect control of RBG’s two wholly-owned, license-holding subsidiaries:

**RBG Phoenix Licenses, LLC**, licensee of FM Broadcast Stations KKFR, Mayer, AZ, Facility ID No. 41462, and KEDJ, Gilbert, AZ, Facility ID No. 54944 (the “RBG Phoenix Stations”); and

**RBG Las Vegas Licenses, LLC**, licensee of FM Broadcast Stations KVGS, Laughlin, NV, Facility ID No. 25752, and KOAS, Dolan Springs, AZ, Facility ID 25692 (the “RBG Las Vegas Stations” and, together with the Phoenix Stations, the “RBG Stations”).

### **Proposed Transaction**

RBG and its subsidiaries are borrowers under a credit agreement dated as of November 18, 2005 (“Credit Agreement”).<sup>1</sup> Due to general economic conditions, and specific factors affecting the broadcast industry and the Phoenix and Las Vegas markets, the RBG Stations are in financial distress and unable to obtain the additional capital necessary to sustain broadcast operations and meet their obligations under the Credit Agreement. The proposed transfer of control, and attendant financial arrangements, have been designed to restore the financial viability of the RBG Stations and, thereby, allow them to continue to provide program service to their communities and surrounding service areas. The proposed transfer of control is a critical element of agreed-upon workout arrangements, the objectives of which are to: (1) obviate any present need for the RBG Stations to seek protection through bankruptcy proceedings; (2) allow the RBG Stations to continue their broadcast operations (including the buildout of authorized facilities); (3) maintain the value of the RBG Stations’ assets as collateral for outstanding loans; and (4) provide temporary arrangements for maintaining the RBG Stations as viable, marketable broadcast properties until such time as market conditions recover to the point where the RBG Stations can be transferred to one or more qualified third-party buyers on commercially reasonable terms.

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<sup>1</sup> The lenders under the Credit Agreement are (a) the grantor under the irrevocable voting trust agreement governing the ownership and control of Atmor; and (b) a commonly owned and controlled affiliate of Goldman (“Lenders”). The interests in RBG otherwise due those lenders pursuant to the agreed-upon workout arrangements have been placed in Atmor and Goldman, respectively.

RBG, Transferors and Lenders have entered into a Forbearance and Restructuring Agreement ("Forbearance Agreement").<sup>2</sup> The Forbearance Agreement anticipates that, upon grant of Commission consent, the Second Amended and Restated Limited Liability Company Agreement presently being prepared by the parties ("Amended RBG Agreement") will become effective.<sup>3</sup> After grant of Commission consent, and pursuant to the terms of the Forbearance Agreement and the anticipated Amended RBG Agreement, each of Atmor and Goldman will hold 35% of the equity in, and 50% of the voting control over, RBG, and each of them will be entitled to designate two of the four Managers of RBG. The remaining 30% of the equity in RBG will be held among certain Transferors as non-voting, non-attributable interests in RBG.<sup>4</sup>

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<sup>2</sup> An electronic copy of the Forbearance Agreement is submitted with this application.

<sup>3</sup> Upon its completion and execution, a copy of the Amended RBG Agreement will be filed as an amendment to this application.

<sup>4</sup> The Forbearance Agreement also anticipates the amendment and restatement of the Credit Agreement.