

## DESCRIPTION OF PROPOSED TRANSACTION

This Form 315 application is one of four (4) sets of applications being filed concurrently with respect to an Agreement and Plan of Merger (the “Merger Agreement”), dated March 9, 2011, by and among Citadel Broadcasting Corporation (“Citadel”), Cumulus Media Inc. (“CMI”), Cadet Holding Corporation (“Holdco”), a wholly-owned subsidiary of CMI, and Cadet Merger Corporation (“Merger Sub”), a wholly-owned subsidiary of Holdco: (1) the instant application seeking Commission consent to transfer control of Cumulus Media Partners, LLC (“CMP”), which will become a wholly-owned subsidiary of CMI prior to consummation of the Merger Agreement,<sup>1</sup> and its indirect license subsidiary; (2) the transfer of control of Cumulus Licensing LLC (“Cumulus”), an indirect subsidiary of CMI; (3) thirteen (13) separate Form 315 applications seeking consent for the transfer of control of the thirteen (13) Citadel subsidiaries which hold licenses for 228 radio stations; and (4) four (4) separate Form 314 applications seeking consent to assign from Cumulus, CMP subsidiaries, and Citadel subsidiaries to Volt Radio, LLC, an insulated divestiture trust, licenses for those radio stations which must be divested because (a) as a result of its transfer of control, Cumulus will lose its grandfathered status in certain markets, (b) CMP is no longer in compliance with the ownership limitations in Section 73.3555(a) of the Commission’s rules in one market because of an unexpected decrease in the number of stations in that market, and (c) the common ownership of the Cumulus, CMP and Citadel radio stations in certain markets would result in CMI having an attributable interest in a number of radio stations which exceeds the limits set forth in Section 73.3555(a) of the Commission’s rules.

None of the foregoing applications requests a waiver of any Commission rule or policy.

The total value of the merger is estimated to be approximately \$2.4 billion. That estimate is based on the cash and CMI capital stock that will be distributed to holders of Citadel Common Stock and Citadel warrants, the CMI capital stock and warrants that will be distributed to new investors, and CMI’s assumption of Citadel’s long-term debt.

### **Transfer of Control of Citadel Subsidiaries**

Under the Merger Agreement, the transfer of control of the Citadel subsidiaries will be effectuated by the merger of Merger Sub with and into Citadel. Once this occurs, the separate existence of Merger Sub will cease and Citadel will continue as the surviving corporation.

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<sup>1</sup> The Commission previously granted five (5) Form 316 applications which would result in CMP becoming a wholly-owned subsidiary of CMI. See File Nos. BTCH-20110214AEZ *et seq.*, BTCH-20110214AFX *et seq.*, BTCH-20110214AGC, BTC-20110214AGD, and BTCH-20110214AGE *et seq.* A separate Form 316 application was filed for the transfer of control of two translators licensed to a CMP subsidiary, and that application is still pending. See File Nos. BTCFT-20110215ADP & ADQ.

Citadel will thus become a wholly-owned subsidiary of Holdco, which, in turn, will continue to be a wholly-owned subsidiary of CMI. Annexed hereto as Attachment A is a chart which depicts the changes in control of Citadel and its subsidiaries (as well as Cumulus).

Subject to the terms of the Merger Agreement, each holder of Citadel Class A Common Stock or Citadel Class B Common Stock will have the right to receive (1) \$37.00 in cash, (2) 8.525 shares of CMI Class A Common Stock (which has voting rights), or (3) a combination of cash and CMI Class A Common Stock. Holders of Citadel warrants may elect prior to closing to have their warrants become exercisable for either cash, CMI Class A Common Stock, or a combination of cash and CMI Class A Common Stock and, if no election is made, all Citadel warrants will be converted as of the closing into the right to receive cash, CMI Class A Common Stock, or a combination of cash and CMI Class A Common Stock in accordance with the provisions applicable to holders of Citadel Class A Common stock and Citadel Class B Common Stock. The right of Citadel stockholders and warrant holders to receive cash and/or CMI Class A Common Stock is subject to certain caps in the Merger Agreement on the amount of CMI Class A Common Stock and cash that can be distributed. Those caps preclude any definitive determination prior to closing on the precise distribution of cash and CMI Class A Common Stock to Citadel stockholders. Annexed hereto as Attachment B are pro forma depictions which reflect the range of CMI Class A Common Stock that can be given to Citadel stockholders and warrant holders.<sup>2</sup>

### **Transfer of Control of Cumulus**

In addition to the holders of Citadel Common Stock and Citadel warrants, shares of CMI Class A Common Stock will be distributed to new investors: (1) shares will be distributed to Crestview Radio Investors, LLC (“Crestview”) based upon its investment of between \$225 million and \$250 million; and (2) another investor, MIHI LLC, will be entitled to syndicate to third parties (the “Macquarie Investors”) up to \$125 million of CMI Class A Common Stock.

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<sup>2</sup> Based on the post-consummation ownership report Citadel filed July 6, 2010, there are no Citadel stockholders who hold more than 4.99% of Citadel’s Class A Common Stock. The respective ownership percentages of CMI Class A Common Stock will be less, and, thus, there is no reasonable expectation that any holder of Citadel voting stock will hold more than 4.99% of CMI’s Class A Voting Stock. Under the Merger Agreement, holders of Citadel’s non-voting Class B Common Stock (as well as holders of warrants for Citadel’s non-voting Class B Common Stock) can elect to acquire CMI’s Class A Common Stock. There is no way to determine now whether the holders of Class B Common Stock or holders of warrants for Class B Common Stock will elect to acquire shares of CMI Class A Common Stock that would exceed 4.99% in any one instance. However, the Merger Agreement entitles CMI to limit or withhold the distribution of Class A Common Stock if it would place CMI or any stockholder in violation of any Commission rule or policy.

The range of CMI Class A Common Stock that can be distributed to the new investors is reflected in Attachment B.<sup>3</sup>

The precise number of CMI Class A Common Stock to be distributed to Crestview and the Macquarie Investors will not be known until sometime shortly before consummation. However, as reflected in Attachment B, the issuance of CMI Class A Common Stock to new investors, coupled with the shares of CMI Class A Common Stock to holders of Citadel Common Stock and Citadel warrants, will – regardless of the precise numbers – result in a transfer of control of CMI because, after consummation of the Merger Agreement, the existing shareholders of CMI Class A Common Stock will hold less than 50% of the CMI Class A Common Stock. Instead, the majority of CMI Class A Common Stock will be held by new parties (the former holders of Citadel Common Stock and Citadel warrants, Crestview and the Macquarie Investors).

#### **Assignment of Stations to Divestiture Trust**

Cumulus and CMP currently hold licenses for radio station combinations that do not comply with Section 73.3555(a) of the Commission's rules. In the case of Cumulus, ownership of those stations was grandfathered in accordance with the Commission's decision in the *2002 Biennial Regulatory Review*, 18 FCC Rcd 13620, 13808 (2003) (subsequent history omitted). In the case of CMP, there was an unexpected decline in the number of radio stations in a particular market which made a previously-compliant cluster inconsistent with the ownership limitations in Section 73.3555(a). As a result, CMP will have to divest one station in that market. That latter market, as well as Cumulus' grandfathered markets, are identified in Attachment C.

Consummation of the Merger Agreement would (because of a new attributable interest in Citadel stations) also result in CMI having an attributable interest in radio stations in certain markets that exceed the number of stations permitted by Section 73.3555(a) of the Commission's rules. Those non-compliant markets are also identified in Attachment C.

In accordance with settled Commission policy, Cumulus as well as subsidiaries of CMP and Citadel are filing concurrently herewith four (4) Form 314 applications to assign licenses for the stations identified in Attachment C to Volt Radio, LLC, an insulated divestiture trust. See e.g. *Citadel Broadcasting Company*, 22 FCC Rcd 7083, 7107 (2007) (transfer application can be granted where a divestiture trust will be assigned licenses for stations that no

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<sup>3</sup> Attachment B also reflects the CMI Class A Common Stock that will be distributed prior to closing to Blackstone FC Communications Partners, L.P., Blackstone Communications FCC L.L.C., Blackstone FC Capital Partners IV L.P., Blackstone FC Capital Partners IV-A L.P., Blackstone Family FCC L.L.C., and Blackstone Participation FCC L.L.C. in conjunction with the consummation of the transfer of control of CMP.

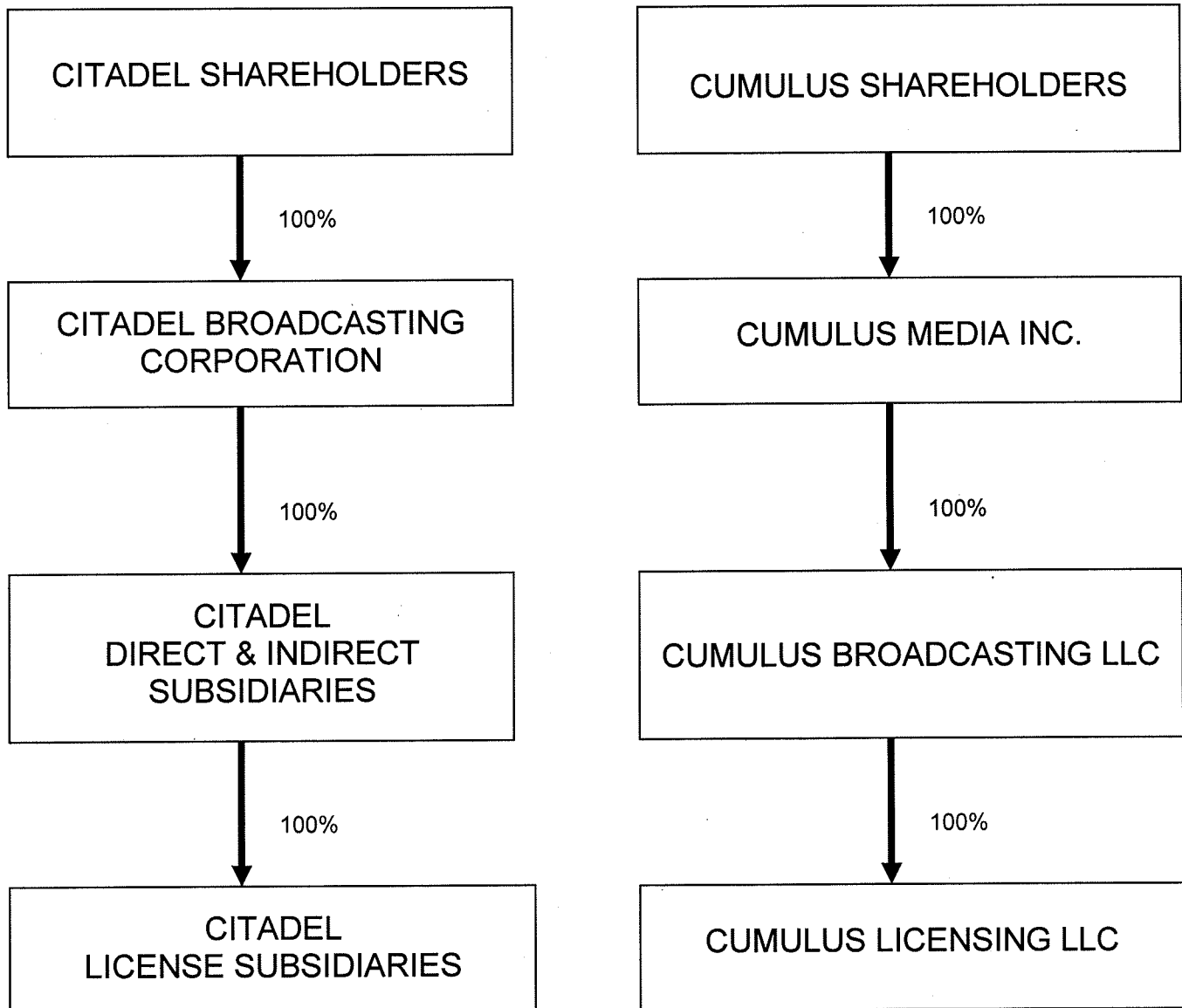
longer have a grandfathered status and for stations that will enable the merged company to be in compliance with ownership limitations in all radio markets).

The particular stations to be divested are identified in Attachment D annexed hereto.

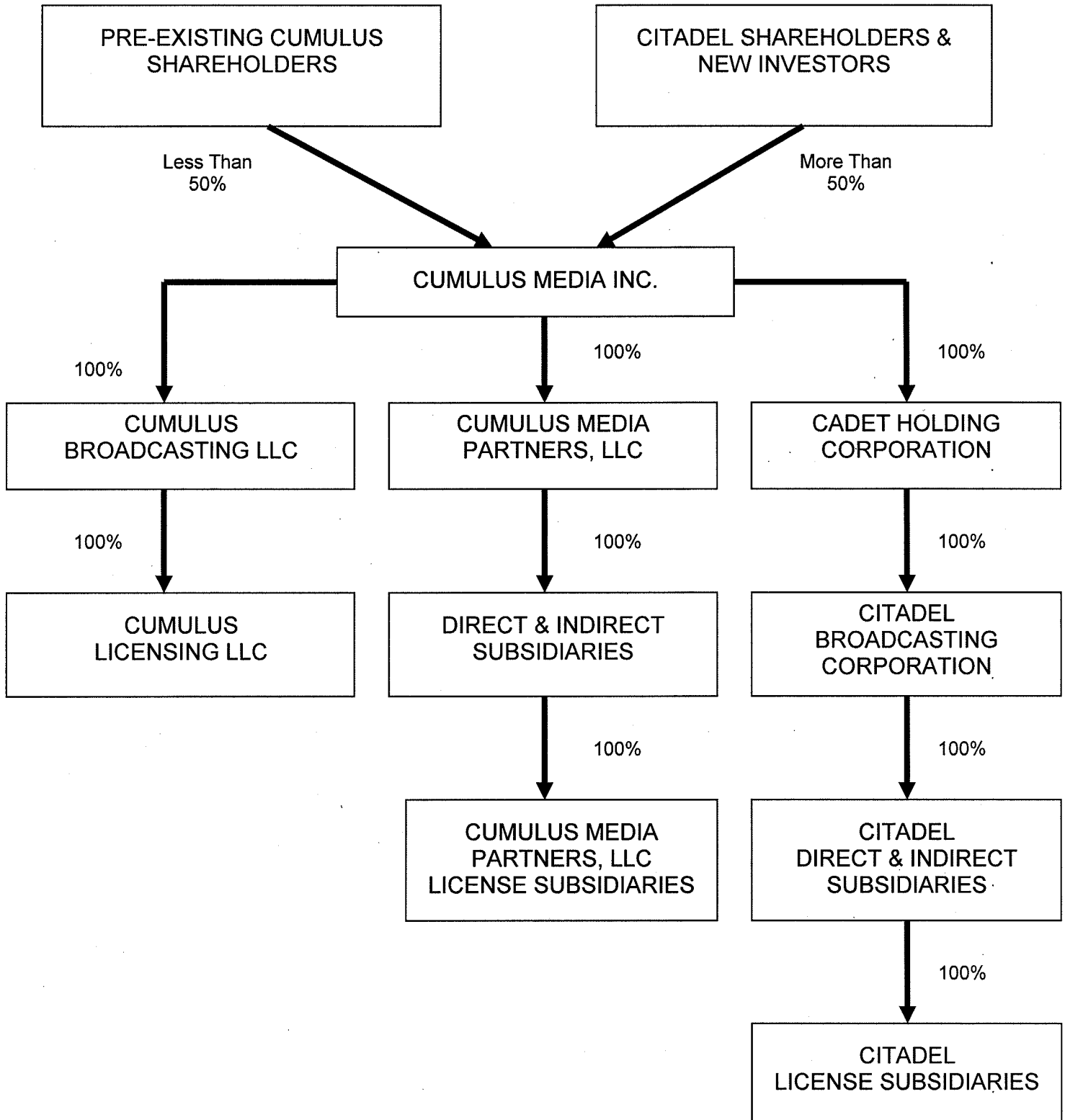
As in the case of those other transactions utilizing a divestiture trust, consummation of the Merger Agreement will contribute to diversity in the radio marketplace by making available for sale radio stations that would otherwise remain within the ownership of CMI, CMP, or, as the case may be, Citadel. To that end, CMI has instructed the trustee to use commercially reasonable efforts to market those stations for sale to “eligible entities” and to entities otherwise controlled by minorities or women.

## Attachment A

### Citadel/Cumulus Merger Before Consummation



## Citadel/Cumulus Merger After Consummation



## **Attachment B**

## Pro Forma Ownership: Max Equity - \$23.00 / \$14.00

For illustrative purposes only. Actual distribution of shares and warrants will depend on individual shareholder cash/stock elections and elections regarding form of economic stake.

Shareholder	Class A <sup>1</sup>		Class B <sup>2</sup>		Class C <sup>3</sup>		Class D <sup>4</sup>		Warrants		Total		% Economic Interest		Voting Interest
	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Aggregate Shares	% of Shares Outstanding	Economic Interest	%	
<b>Cumulus:</b>															
Total CMI Undiluted Shares	36,069,632	12.7%	5,809,191	100.0%	644,871	100.0%	--	--	--	--	42,523,694	--	14.0%	14.7%	
Dilutive Shares (Options and Warrants) <sup>5</sup>	1,047,667	0.4%	--	--	--	--	--	--	--	--	1,047,667	0.4%	0.3%	0.3%	
<b>FD CMI Shares Outstanding</b>	<b>37,117,299</b>	<b>13.1%</b>	<b>5,809,191</b>	<b>100.0%</b>	<b>644,871</b>	<b>100.0%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>43,571,361</b>	<b>14.3%</b>	<b>14.3%</b>	<b>15.0%</b>	
<b>CMP:</b>															
CMP (Blackstone Only) <sup>6</sup>	3,315,238	1.2%	--	--	--	--	--	--	--	--	3,315,238	--	1.1%	1.1%	
CMP (excluding Blackstone) <sup>7</sup>	892,470	0.3%	--	--	--	--	6,630,476	100.0%	7,375,498	100.0%	14,898,444	--	4.9%	0.3%	
Citadel	161,680,016	57.0%	--	--	--	--	--	--	--	--	161,680,016	--	53.2%	55.7%	
Crestview	51,843,318	18.3%	--	--	--	--	--	--	--	--	51,843,318	--	17.0%	17.9%	
Macquarie <sup>8</sup>	28,801,843	10.2%	--	--	--	--	--	--	--	--	28,801,843	--	9.5%	9.9%	
<b>PF Total Shares Outstanding</b>	<b>283,650,185</b>	<b>100.0%</b>	<b>5,809,191</b>	<b>100.0%</b>	<b>644,871</b>	<b>100.0%</b>	<b>6,630,476</b>	<b>100.0%</b>	<b>7,375,498</b>	<b>100.0%</b>	<b>304,110,221</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

Source: Company Management

Notes:

- Entitled to one vote per share
- Not entitled to vote, convertible at any time at the option of the holder into Class A Common Stock or Class C Common Stock on a share-for-share basis
- Entitled to ten votes per share
- New class of non-voting shares issued as part of CMP acquisition
- Dilutive shares calculation uses the treasury method based on closing price on 3/17/11 of \$4.07
- Distribution of CMI Class A Common Stock in exchange for voting membership interest in CMP
- Distribution of CMI Class A Common Stock in exchange for warrants to acquire shares of CMP
- Assumes \$125mm of investment is syndicated to third parties in both Max Cash and Max Equity cases and \$125mm of investment in Max Cash scenario is in preferreds and is not reflected in the total shares, the Class A Common Stock syndicated to third party may be less than the number reflected in the chart, in no event will any third party in the syndication pool receive stock that would exceed 4.99% of the Class A Common Stock of CMI



## Pro Forma Ownership: Max Cash - \$30.00 / \$7.00

For illustrative purposes only. Actual distribution of shares and warrants will depend on individual shareholder cash/stock elections and elections regarding form of economic stake.

Shareholder	Class A <sup>1</sup>		Class B <sup>2</sup>		Class C <sup>3</sup>		Class D <sup>4</sup>		Warrants		Total Aggregate Shares	% Economic Interest	
	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding	Shares	% of Shares Outstanding		Economic Interest	Voting Interest
<b>Cumulus:</b>													
Total CMI Undiluted Shares	36,069,632	17.3%	5,809,191	100.0%	644,871	100.0%	--	--	--	--	42,523,694	18.6%	19.8%
Dilutive Shares (Options and Warrants) <sup>5</sup>	1,047,667	0.5%	--	--	--	--	--	--	--	--	1,047,667	0.5%	0.5%
<b>FD CMI Shares Outstanding</b>	<b>37,117,299</b>	<b>17.8%</b>	<b>5,809,191</b>	<b>100.0%</b>	<b>644,871</b>	<b>100.0%</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>43,571,361</b>	<b>19.0%</b>	<b>20.3%</b>
<b>CMP:</b>													
CMP (Blackstone Only) <sup>6</sup>	3,315,238	1.6%	--	--	--	--	--	--	--	--	3,315,238	1.4%	1.5%
CMP (excluding Blackstone) <sup>7</sup>	892,470	0.4%	--	--	--	--	6,630,476	100.0%	7,375,498	100.0%	14,898,444	6.5%	0.4%
Citadel	80,835,158	38.8%	--	--	--	--	--	--	--	--	80,835,158	35.3%	37.6%
Crestview	57,603,687	27.6%	--	--	--	--	--	--	--	--	57,603,687	25.2%	26.8%
Macquarie <sup>8</sup>	28,801,843	13.8%	--	--	--	--	--	--	--	--	28,801,843	12.6%	13.4%
<b>PF Total Shares Outstanding</b>	<b>208,565,696</b>	<b>100.0%</b>	<b>5,809,191</b>	<b>100.0%</b>	<b>644,871</b>	<b>100.0%</b>	<b>6,630,476</b>	<b>100.0%</b>	<b>7,375,498</b>	<b>100.0%</b>	<b>229,025,731</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company Management

Notes:

1. Entitled to one vote per share
2. Not entitled to vote; convertible at any time at the option of the holder into Class A Common Stock or Class C Common Stock on a share-for-share basis
3. Entitled to ten votes per share
4. New class of non-voting shares issued as part of CMP acquisition
5. Dilutive shares calculation uses the treasury method based on closing price on 3/17/11 of \$4.07
6. Distribution of CMI Class A Common Stock in exchange for voting membership interest in CMP
7. Distribution of CMI Class A Common Stock in exchange for warrants to acquire shares of CMP Surquehanna Radio Holdings Corp., an operating subsidiary of CMP
8. Assumes \$125mm of investment is syndicated to third parties in both Max Cash and Max Equity cases and \$125mm of investment in Max Cash scenario is in preferreds and is not reflected in the total shares, the Class A Common Stock syndicated to third party may be less than the number reflected in the chart. In no event will any third party in the syndication pool receive stock that would exceed 4.99% of the Class A Common Stock of CMI

## Attachment C

### Cumulus' Grandfathered Markets

Metro -- (Number of Stations in the Metro)	Number of Stations Permitted Under FCC Ownership Rules	Stations Attributable to Cumulus in the Metro
Columbus-Starkville-West Point, MS (19)	Six (6)  (No more than four (4) in the same service)	Seven (7) – Including 4 FMs  WKOR(AM), WJWF(AM), WSSO(AM), WNMQ(FM), WMXU(FM), WSMS(FM), WKOR-FM
Fayetteville, AR (28)	Six (6)  (No more than four (4) in the same service)	Seven (7) – Including 5 FMs  KFAY(AM), KYNG(AM), KAMO-FM, KKEG(FM), KQSM-FM, KMCK-FM, KYNF(FM)
Macon, GA (33)	Seven (7)  (No more than four (4) in the same service)	Eight (8) – Including 5 FMs  WAYS(AM), WDDO(AM), WMAC(AM), WMGB(FM), WLZN(FM), WPEZ(FM), WDEN-FM, WROK-FM
Montgomery, AL (27)	Six (6)  (No more than four (4) in the same service)	Seven (7) – Including 4 FMs  WLWI(AM), WMSP(AM), WNZZ(AM), WAFX(FM), WHHY-FM, WLWI-FM, WMXS(FM)
Myrtle Beach, SC (31)	Seven (7)  (No more than four (4) in the same service)	Seven (7) – Including 6 FMs  WHSC(AM), WSYN(FM), WLFF(FM), WJXY-FM, WXJY(FM), WDAI(FM), WSEA(FM)
Savannah, GA (25)	Six (6)  (No more than four (4) in the same service)	Seven (7) – Including 5 FMs  WBMQ(AM), WJLG(AM), WEAS-FM, WTYB(FM), WIXV(FM), WJCL-FM, WZAT(FM)

**CMP Non-Compliant Radio Market**

<b>Metro -- (Number of Stations in the Metro)</b>	<b>Number of Stations Permitted Under FCC Ownership Rules</b>	<b>Stations Attributable to Cumulus in the Metro</b>
Kansas City, MO-KS (44)	Seven (7)  (No more than four (4) in the same service)	Six (6) – Including 5 FMs  KCMO(AM), KCFX(FM), KCJK(FM), KCMO-FM, KCHZ(FM), KMJK(FM)

**Markets Where Consummation of Merger Will Result in Radio Station Ownership in Excess of Permissible Limits**

<b>Metro -- (Number of Stations in the Metro)</b>	<b>Number of Stations Permitted Under FCC Ownership Rules</b>	<b>Stations Attributable to New Merged Entity in the Metro</b>
Dallas – Ft. Worth, TX (88)	Eight (8)  (No more than five (5) in the same service)	Eight (8) – Including 3 AMs/5 FMs  WBAP(AM), KLIF(AM), KKLIF(AM), KSCS(FM), KTCK(FM), WBAP-FM, KTDK(FM), KLIF-FM
Nashville, TX (63)	Eight (8)  (No more than five (5) in the same service)	Seven (7) – All 7 FMs  WKDF(FM), WGFF(FM), WWTN(FM), WQQK(FM), WSM-FM, WNFN(FM), WRQQ(FM)
Harrisburg-Lebanon-Carlisle, PA (32)	Seven (7)  (No more than four (4) in the same service)	Seven (7) – Including 6 FMs  WHGB(AM), WCAT-FM, WQXA(FM), WMHX(FM), WWKL(FM), WNNK-FM, WTPA(FM)
New York, NY (138)	Eight (8)  (No more than five (5) in the same service)	Nine (9) – Including 6 FMs  WABC(AM), WFAS(AM), WPUT(AM), WPLJ(FM), WELJ(FM), WFAS-FM, WFAF-FM, WEBE(FM), WDBY(FM)

## Attachment D

### List of Radio Stations to be Divested

Station	Community of License	Facility ID Number	Metro
WELJ(FM)	Montauk, NY	7996	New York
KKLF(AM)	Richardson, TX	86684	Dallas
WNFN(FM)	Millersville, TN	29862	Nashville
WRQQ(FM)	Belle Meade, TN	26689	Nashville
WCAT-FM	Carlisle, PA	74557	Harrisburg-Lebanon-Carlisle
WWKL(FM)	Palmyra, PA	12050	Harrisburg-Lebanon-Carlisle
KYNF(FM)	Prairie Grove, AR	70257	Fayetteville, AR
WNZZ(AM)	Montgomery, AL	12321	Montgomery, AL
WTYB(FM)	Tybee Island, GA	14069	Savannah, GA
WROK-FM	Macon, GA	68679	Macon, GA
WJXY-FM	Conway, SC	17485	Myrtle Beach, SC
WXJY(FM)	Georgetown, SC	69835	Myrtle Beach, SC
KMJK(FM)	North Kansas City, MO	33713	Kansas City, MO-KS
WKOR(AM)	Starkville, MS	10348	Columbus-Starkville, MS