

**DESCRIPTION OF CORPORATE REORGANIZATION**

The purpose of this application is to obtain Commission consent on a *pro forma* basis to a change in the control of Triad Broadcasting Company, LLC (“Triad”), parent and 100% owner of Monterey Licenses, LLC (“Monterey”), the applicant herein. This transfer of control is properly filed on an FCC Form 316 application as less than 50% of the votes in the company are being transferred, and the transferee has been previously passed on by the Commission in all of the long-form applications involving Triad.

In the transfer, Trefoil Triad Investors, L.P. (“Trefoil”), an entity that now holds 45.3% of the Class B voting membership interests of Triad, will exchange its Class B membership interests for Class C non-voting membership interests. As a result of the exchange, the remaining holders of Class B voting membership interests will see their voting membership interest percentages in Triad increase, but the economic interests of the investors will not change. In addition, there will also be a change in the Board of Governors of Triad and Monterey. Two of the current directors - Clifford Miller and Stephen Royer will be resigning. The remaining four directors will continue to serve. Three of those directors – George Couch, Arthur R. Monaghan and John Lindahl will each have two votes. David Benjamin will have one vote on the Board.

In the case of affiliates Norwest Equity Partners VI, LP (“Norwest VI”), which presently holds 36.2% of the Class B voting membership interest, and Norwest Equity Partners VII, LP (“Norwest VII”), which presently holds 9.1% of the Class B voting membership interests (together “Norwest”), together holding 45.3% of the current Class B voting membership interests, their aggregate voting interest will become 85.1% of the Class B voting membership interests after the reorganization.

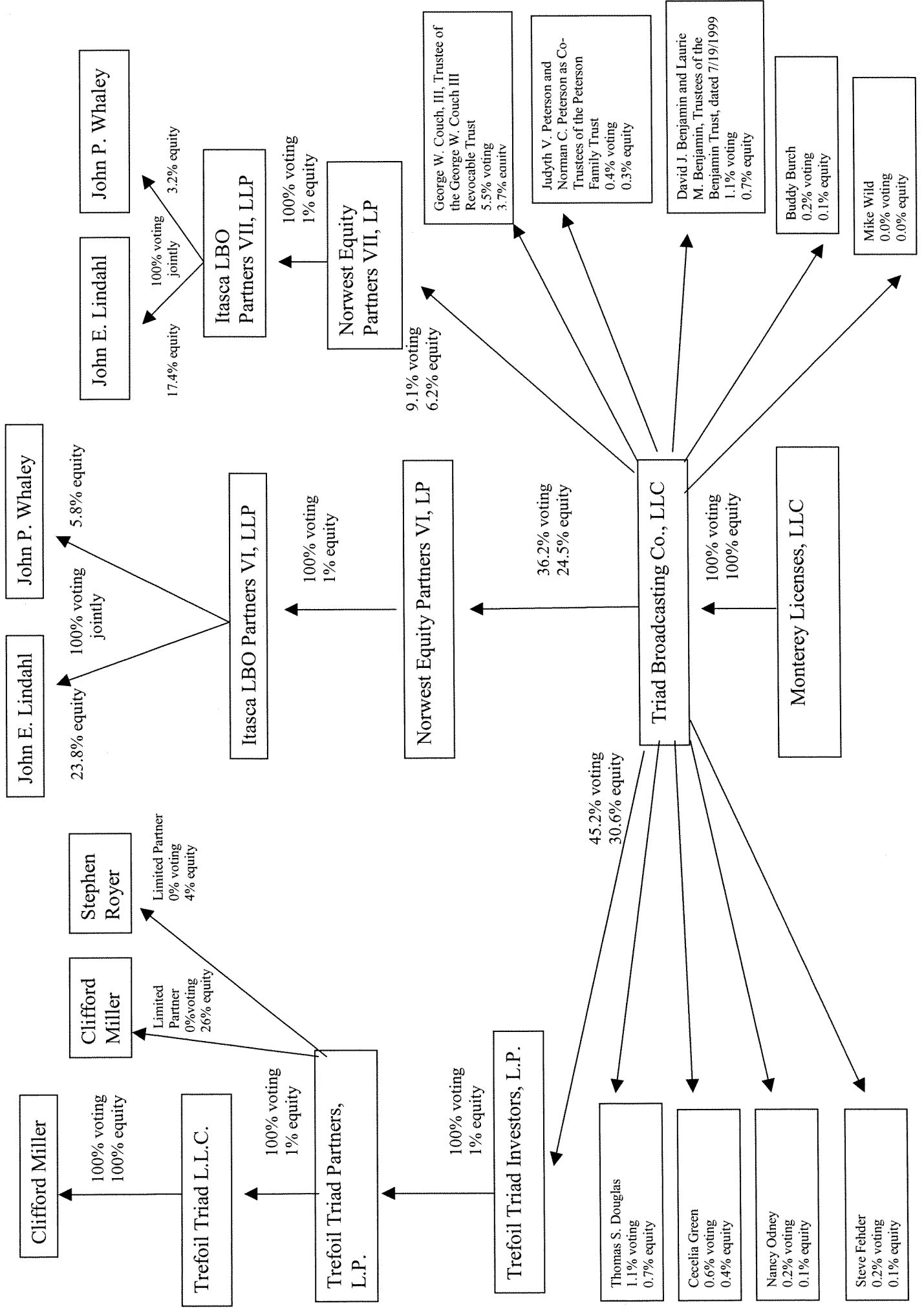
Other individuals holding much smaller percentages of Class B voting membership interests will also have their proportionate interests increased by the reorganization. One of these individuals, George Couch (“Couch”), who now has a 5.5% Class B voting membership interest, will have an 8.5% voting membership interest after the reorganization. All other holders of Class B voting membership interests hold, and after the reorganization will hold, less than 6.5% Class B voting membership interests.

Therefore, in essence, the Commission is asked to approve the proposal that Norwest, the affiliated entities that formerly held a 45% voting membership interest in Triad, equal to that of Trefoil, will now have an 85% voting membership interest in Triad, and will be able to nominate a majority of the Board of Governors of Triad. Trefoil, which formerly held a 45% voting membership interest, will have only non-voting interests. All of the parties holding significant Class B voting membership interests have been reviewed by the Commission in previous applications filed by Monterey, specifically including Trefoil, Norwest, and Couch.

This transfer of control is *pro forma* in nature because it involves a corporate reorganization that will not effect a substantial change in the beneficial ownership of Monterey. As the Commission held in *Barnes Enterprises, Inc.*, 55 F.C.C.2d 721, 725-26 (1975), a *pro forma* application is appropriate if the following two criteria are met: (1) less than 50 percent of the stock changed hands; and (2) more than 50 percent of the stock remains in the hands of persons who have been passed upon by the Commission. Therefore, the instant application on FCC form 316 is appropriate for seeking FCC approval for the changes proposed herein.

The charts attached hereto illustrate the changes in interest that will result from this *pro forma* voluntary transfer of control of Monterey. Chart A illustrates the ownership of Monterey before the redistribution of LLC interests. Chart B represents the ownership of Monterey following the redistribution of LLC interests.

# CHART A - BEFORE



## CHART B - AFTER

