CUMULUS MEDIA INC
Form 10-Q
August 09, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007.

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For or the transition period from to

Commission file number 000-24525

CUMULUS MEDIA INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**36-4159663**
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
14 Piedmont Center, Suite 1400, Atlanta, GA	**30305**
(Address of Principal Executive Offices)	*(ZIP Code)*

(404) 949-0700

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer þ Non-accelerated filer o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No þ

As of July 31, 2007, the registrant had 43,180,496 outstanding shares of common stock consisting of (i) 36,726,434 shares of Class A Common Stock; (ii) 5,809,191 shares of Class B Common Stock; and (iii) 644,871 shares of Class C Common Stock.

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PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements***

CUMULUS MEDIA INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except for share and per share data)
(Unaudited)

	June 30, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 1,284	$ 2,392
Accounts receivable, less allowance for doubtful accounts of $1,890 and $1,942, in 2007 and 2006, respectively	58,568	55,013
Prepaid expenses and other current assets	6,652	5,477
Total current assets	66,504	62,882
Property and equipment, net	66,197	71,474
Intangible assets, net	934,786	934,140
Goodwill	176,791	176,791
Investment in affiliates	70,126	71,684
Other assets	13,310	16,176
Total assets	$1,327,714	$ 1,333,147
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 28,160	$ 30,826
Current portion of long-term debt	7,500	7,500
Total current liabilities	35,660	38,326
Long-term debt	732,500	743,750
Other liabilities	14,365	17,020
Deferred income taxes	202,094	197,044
Total liabilities	984,619	996,140
Stockholders equity:		
Preferred stock, 20,262,000 shares authorized, par value $0.01 per share, including: 250,000 shares designated as 13 3/4% Series A Cumulative Exchangeable Redeemable Stock due 2009, stated value $1,000 per share, and 12,000 shares designated as 12% Series B Cumulative Preferred Stock, stated value $10,000 per share; 0 shares issued and outstanding		
	598	588

Class A common stock, par value $.01 per share; 100,000,000 shares authorized; 59,827,899 and 58,850,286 shares issued, 36,726,247 and 35,318,634 shares outstanding, in 2007 and 2006, respectively		
Class B common stock, par value $.01 per share; 20,000,000 shares authorized; 5,809,191 and 6,630,759 shares issued and outstanding, in 2007 and 2006, respectively	58	66
Class C common stock, par value $.01 per share; 30,000,000 shares authorized; 644,871 shares issued and outstanding	6	6
Class A Treasury stock, at cost, 23,101,652 and 23,531,652 shares in 2007 and 2006, respectively	(277,039)	(282,194)
Accumulated other comprehensive income	6,621	6,621
Additional paid-in-capital	978,686	978,480
Accumulated deficit	(365,835)	(366,560)
Total stockholders equity	343,095	337,007
Total liabilities and stockholders equity	$ 1,327,714	$ 1,333,147

See accompanying notes to condensed consolidated financial statements.

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CUMULUS MEDIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except for share and per share data)
(Unaudited)

	Three Months Ended June 30, 2007	RESTATED Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	RESTATED Six Months Ended June 30, 2006
Broadcast revenues	$ 86,338	$ 86,716	$ 157,739	$ 161,985
Management fee from affiliate	1,000	626	2,000	626
Net revenues	87,338	87,342	159,739	162,611
Operating expenses:				
Station operating expenses, excluding depreciation, amortization and LMA fees	53,581	55,163	105,228	108,731
Depreciation and amortization	3,690	4,513	7,560	9,326
Gain on assets transferred to affiliate		(2,548)		(2,548)
LMA fees	165	192	331	397
Corporate general and administrative (including non-cash stock compensation of $2,007, $3,565, $4,349 and $7,068, respectively)	6,052	8,080	12,780	15,768
Total operating expenses	63,488	65,400	125,899	131,674
Operating income	23,850	21,942	33,840	30,937
Non-operating income (expense):				
Interest expense	(10,563)	(2,746)	(25,191)	(9,416)
Interest income	106	159	190	303
Loss on early extinguishment of debt	(986)	(2,284)	(986)	(2,284)
Other income (expense), net	(142)	525	(171)	162
Total nonoperating expenses, net	(11,585)	(4,346)	(26,158)	(11,235)
Income before income taxes and equity (loss) in affiliate	12,265	17,596	7,682	19,702
Income tax expense	(8,987)	(8,372)	(5,400)	(9,622)
Equity in (loss) of affiliate	(739)	(2,487)	(1,557)	(2,487)
Net income	$ 2,539	$ 6,737	$ 725	$ 7,593
Basic and diluted income per common share:				
Basic income per common share	$ 0.06	$ 0.12	$ 0.02	$ 0.13

Diluted income per common share	$ 0.06	$ 0.11	$ 0.02	$ 0.13
Weighted average basic common shares outstanding	43,598,061	58,458,708	43,403,453	59,261,743
Weighted average diluted common shares outstanding	44,218,656	59,775,116	44,048,362	60,693,194

See accompanying notes to condensed consolidated financial statements.

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CUMULUS MEDIA INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)(Unaudited)

	Six Months Ended June 30, 2007	RESTATED Six Months Ended June 30, 2006
Cash flows from operating activities:		
Net income	$ 725	$ 7,593
Adjustments to reconcile net income to net cash provided by operating activities:		
Write-off of debt issue costs	986	2,284
Depreciation	7,555	9,034
Amortization of intangible assets and debt issuance costs	214	645
Provision for doubtful accounts	1,467	1,792
Adjustment of the fair value of derivative instruments	(130)	(7,442)
Deferred income taxes	5,050	9,622
Non-cash stock compensation	4,349	7,068
Net loss on disposition of fixed assets		16
Gain on transfer of assets to unconsolidated affiliate		(2,548)
Equity loss on investment in unconsolidated affiliate	1,557	2,487
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(4,234)	(5,484)
Prepaid expenses and other current assets	(1,144)	(74)
Accounts payable and accrued expenses	(1,705)	7,384
Other assets	575	360
Other liabilities	(1,824)	(331)
Net cash provided by operating activities	13,441	32,406
Cash flows from investing activities:		
Acquisitions, including investment in affiliate		(2,712)
Purchase of intangible assets		(5,234)
Escrow deposits on pending acquisitions		300
Capital expenditures	(2,277)	(5,887)
Proceeds from sale of fixed assets		33
Other	(90)	(107)
Net cash used in investing activities	(2,367)	(13,607)
Cash flows from financing activities:		
Proceeds from bank credit facility	750,000	814,750
Repayments of borrowings from bank credit facility	(761,250)	(604,000)
Payments for debt issuance costs	(953)	(1,568)
Proceeds from issuance of common stock	300	
Payment for repurchase of common stock		(220,075)
Other	(279)	
Net cash used in financing activities	(12,182)	(10,893)

Increase (decrease) in cash and cash equivalents		(1,108)		7,906
Cash and cash equivalents at beginning of period		2,392		5,121
Cash and cash equivalents at end of period	$	1,284	$	13,027
Non-cash operating, investing, and financing activities:				
Trade revenue	$	8,150	$	8,611
Trade expense		8,259		8,482
Interest paid	$	28,032	$	15,071

See accompanying notes to condensed consolidated financial statements.

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Cumulus Media Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Interim Financial Data and Basis of Presentation

Interim Financial Data

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of Cumulus Media Inc. (Cumulus , we or the Company) and the notes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006. These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation of results of the interim periods have been made and such adjustments were of a normal and recurring nature. The results of operations and cash flows for the three months ended June 30, 2007 are not necessarily indicative of the results that can be expected for the entire fiscal year ending December 31, 2007.

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, intangible assets, derivative financial instruments, income taxes, restructuring, contingencies and litigation. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ materially from these estimates under different assumptions or conditions.

Recent Accounting Pronouncement

FIN 48. In July 2006, the FASB issued SFAS Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of SFAS Statement No. 109.* FIN 48 applies to all tax positions accounted for under SFAS 109. FIN 48 refers to tax positions as positions taken in a previously filed tax return or positions expected to be taken in a future tax return that are reflected in measuring current or deferred income tax assets and liabilities reported in the financial statements. FIN 48 further clarifies a tax position to include the following:

- a decision not to file a tax return in a particular jurisdiction for which a return might be required,
- an allocation or a shift of income between taxing jurisdictions,
- the characterization of income or a decision to exclude reporting taxable income in a tax return, or
- a decision to classify a transaction, entity, or other position in a tax return as tax exempt.

FIN 48 clarifies that a tax benefit may be reflected in the financial statements only if it is more likely than not that a company will be able to sustain the tax return position, based on its technical merits. If a tax benefit meets this criterion, it should be measured and recognized based on the largest amount of benefit that is cumulatively greater than 50% likely to be realized. This is a change from prior practice, whereby companies were able to recognize a tax benefit only if it is probable a tax position will be sustained.

The Company adopted the provisions of FIN 48 on January 1, 2007. The Company classifies interest and penalties relating to uncertain tax positions in income taxes. The Company files numerous income tax returns at the United States federal jurisdiction and for various state jurisdictions. One of our subsidiaries is subject to filing in a foreign jurisdiction. For U.S. federal purposes, due to the net operating losses available, we are no longer subject to examination for years prior to 1997. With few exceptions we are no longer subject to state and local or non-U.S. income tax examinations for the years before 2003.

The Company has identified one uncertain tax position related to state income tax matters. Prior to the adoption of FIN 48, management identified this issue and recorded a contingent liability for estimated income tax, interest and

penalties. The Company reorganized its corporate structure and eliminated this type of transaction. The audit for the state with the largest potential liability was

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settled in late 2006 and subsequently paid. The Company determined that the income tax positions taken with these other states are not more likely than not to be sustained, and thus retained the contingencies previously recorded for these other states and will reverse them as the open years are no longer subject to examination, principally in the third and fourth quarters of 2007. On January 1, 2007, the contingency recorded for these remaining states was approximately $5.7 million, including penalties and interest of approximately $2.4 million. At June 30, 2007 the contingency remaining for these states was approximately $5.2 million, including penalties and interest of approximately $2.8 million. This entire amount, if recognized, would affect the effective tax rate.

2. Restatement

As previously reported, on May 10, 2007, the Company s management, acting under the scope of authority granted by the audit committee of the board of directors of the Company, determined that the interim financial statements included in the Company s quarterly reports on Form 10-Q for the periods ended June 30, 2006 and September 30, 2006 should no longer be relied upon due to an error in those financial statements related to the accounting for certain interest rate swaps as further described below. The Company is including in this quarterly report on Form 10-Q the restated financial results for the periods ended June 30, 2006.

In May 2005, the Company entered into a forward-starting LIBOR-based interest rate swap arrangement (the May 2005 Swap) to manage fluctuations in cash flows for certain of its debt instruments resulting from interest rate risk attributable to changes in the benchmark interest rate of LIBOR. Through fiscal year 2006, the May 2005 Swap was accounted for as a qualifying cash flow hedge of the future variable rate interest payments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, whereby changes in the fair value are reported as a component of the Company s accumulated other comprehensive income (AOCI), a portion of stockholders equity.

Subsequent to the filing of the Company s annual report on Form 10-K for the year ended December 31, 2006, management discovered that beginning June 15, 2006, in connection with the refinancing of the Company s debt, based on the interest rate elections made by the company at this time, the May 2005 Swap no longer qualified as a cash flow hedging instrument. Accordingly, the changes in its fair value should have been reflected in the statement of operations instead of AOCI. In addition, as of June 15, 2006, certain amounts included in AOCI should have been reversed and recognized in the statement of operations.

As a result of the corrections of the error discussed above, the Company s income before income tax benefit and equity loss of affiliate for the three and six months ended June 30, 2006 increased approximately $6.3 million, resulting primarily from the reclassification of a portion of AOCI to the statement of operations. Net income for the three and six months ended June 30, 2006 increased $2.0 million due to recording an additional $4.3 million of income tax expense on the $6.3 million reduction of interest expense. The amount remaining in AOCI will be reclassified to the statement of operations beginning in the quarter ending September 30, 2007. The effects of the error are presented below in the restated June 30, 2006 financial statements (dollars in thousands). The restatement also affects the amounts disclosed in Notes 7 and 8 to the accompanying Condensed Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEET
(Dollars in thousands)
(Unaudited)

	June 30, 2006		
	Before Restatement	Adjustments	As Restated
Assets			
Current assets:			
Cash and cash equivalents	$ 13,027		$ 13,027
Accounts receivable	55,935		55,935
Prepaid expenses and other current assets	12,441		12,441
Deferred tax assets	154		154
Total current assets	81,557		81,557
Property and equipment, net	76,235		76,235
Intangible assets, net	984,352		984,352
Goodwill	185,814		185,814
Investment in affiliate	74,396		74,396
Other assets	23,650		23,650
Total assets	$1,426,004	$	$1,426,004
Liabilities and Stockholders Equity			
Current liabilities:			
Accounts payable and accrued expenses	$ 31,573		$ 31,573
Current portion of long-term debt	7,500		7,500
Total current liabilities	39,073		39,073
Long-term debt	772,250		772,250
Other liabilities	16,493		16,493
Deferred income taxes	209,220	4,272	213,492
Total liabilities	1,037,036	4,272	1,041,308
Preferred stock			
Class A common stock	585		585
Class B common stock	116		116
Class C common stock	6		6
Treasury Stock	(327,222)		(327,222)
Accumulated other comprehensive income	12,934	(6,313)	6,621
Additional paid-in-capital	1,025,401		1,025,401
Accumulated deficit	(317,860)	2,041	(315,819)
Loan to officer	(4,992)		(4,992)
Total stockholders equity	388,968	(4,272)	384,696
Total liabilities and stockholders equity	$1,426,004	$	$1,426,004

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CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30, 2006			Six Months Ended June 30, 2006		
	Before Restatement	Adjustments	As Restated	Before Restatement	Adjustments	As Restated
Broadcast revenues	$ 86,716	$	$ 86,716	$ 161,985	$	$ 161,985
Management fee from affiliate	626		626	626		626
Net revenues	87,342		87,342	162,611		162,611
Operating expenses:						
Station operating expenses, excluding depreciation, amortization and LMA fees	55,163		55,163	108,731		108,731
Depreciation and amortization	4,513		4,513	9,326		9,326
Gain on assets transferred to affiliate	(2,548)		(2,548)	(2,548)		(2,548)
LMA fees	192		192	397		397
Corporate general and administrative	8,080		8,080	15,768		15,768
Total operating expenses	65,400		65,400	131,674		131,674
Operating income	21,942		21,942	30,937		30,937
Non-operating income (expense):						
Interest expense	(9,059)	6,313	(2,746)	(15,729)	6,313	(9,416)
Interest income	159		159	303		303
Loss on early extinguishment of debt	(2,284)		(2,284)	(2,284)		(2,284)
Other income, net	525		525	162		162
Total nonoperating expenses, net	(10,659)	6,313	(4,346)	(17,548)	6,313	(11,235)
Income before income taxes and equity in (loss) of affiliate	11,283		17,596	13,389		19,702
Income tax expense	(4,100)	(4,272)	(8,372)	(5,350)	(4,272)	(9,622)

Equity in (loss) of affiliate		(2,487)				(2,487)		(2,487)				(2,487)
Net income	$	4,696	$	2,041	$	6,737	$	5,552	$	2,041	$	7,593
Basic and diluted income per common share:												
Basic income per common share	$	0.08	$	0.04	$	0.12	$	0.09	$	0.04	$	0.13
Diluted income per common share	$	0.08	$	0.03	$	0.11	$	0.09	$	0.04	$	0.13
Weighted average basic common shares outstanding		58,458,708				58,458,708		59,261,743				59,261,743
Weighted average diluted common shares outstanding		59,775,116				59,775,116		60,693,194				60,693,194

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(Unaudited)

	June 30, 2006		
	Before Restatement	Adjustments	As Restated
Cash flows from operating activities:			
Net income	$ 5,552	$ 2,041	$ 7,593
Adjustments to reconcile net income to net cash provided by operating activities:			
Write-off of debt issue costs	2,284		2,284
Depreciation	9,034		9,034
Amortization of intangible assets and other assets	285		285
Amortization of debt issuance costs	360		360
Provision for doubtful accounts	1,792		1,792
Adjustment of the fair value of derivative instruments	(1,129)	(6,313)	(7,442)
Deferred income taxes	5,350	4,272	9,622
Non-cash stock compensation	7,068		7,068
Net gain on disposition of fixed assets	16		16
Gain on transfer of assets to unconsolidated affiliate	(2,548)		(2,548)
Equity loss on investment in unconsolidated affiliate	2,487		2,487
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(5,484)		(5,484)
Prepaid expenses and other current assets	(74)		(74)
Accounts payable and accrued expenses	7,384		7,384
Other assets	360		360
Other liabilities	(331)		(331)
Net cash provided by operating activities	32,406		32,406
Cash flows from investing activities:			
Acquisitions, including investment in affiliate	(2,712)		(2,712)
Purchase of intangible assets	(5,234)		(5,234)
Escrow deposits on pending acquisitions	300		300
Capital expenditures	(5,887)		(5,887)
Proceeds from sale of fixed assets	33		33
Other	(107)		(107)
Net cash used in investing activities	(13,607)		(13,607)
Cash flows from financing activities:			
Proceeds from bank credit facility	814,750		814,750
Repayments of borrowings from bank credit facility	(604,000)		(604,000)
Payments for debt issuance costs	(1,568)		(1,568)
Payment for repurchase of common stock	(220,075)		(220,075)
Net cash used in financing activities	(10,893)		(10,893)

Increase in cash and cash equivalents	7,906	7,906
Cash and cash equivalents at beginning of period	5,121	5,121
Cash and cash equivalents at end of period	$ 13,027	$ 13,027

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The Company made an immaterial correction to the Before Restatement statement of cash flows for the six months ended June 30, 2006, unrelated to the restatement issue discussed above. The correction results in an increase to net cash provided by operating activities and an increase to net cash used in financing activities of approximately $2.6 million, to reflect actual cash paid for debt issuance costs in the six months ended June 30, 2006.

The Company also made an immaterial correction to the accompanying December 31, 2006 balance sheet related to the above described restatement issue by reducing AOCI and decreasing the accumulated deficit by $0.4 million.

3. Stock Based Compensation

For the three and six months ended June 30, 2007, the Company recognized approximately $2.0 million and $4.4 million, respectively, in non-cash stock-based compensation expense.

The Board of Directors approved an amendment to the Company s 2004 Equity Incentive Plan, on April 13, 2007, which was subsequently approved by the Company s stockholders as well. The amendments increased the number of shares available to be issued under the plan from 2,975,000 to 3,665,000, and increased the number of shares that may be issued as restricted or deferred shares from 925,000 to 1,795,000.

During the six months ended June 30, 2007, the Company reclassified $5.2 million from Treasury Stock to Additional Paid In Capital related to the issuance of 430,000 shares of restricted common stock.

4. Acquisitions

Completed Acquisitions

The Company did not complete any station acquisitions during the three months ended June 30, 2007.

During the six months ended June 30, 2006, the Company completed its acquisition of two radio stations in the Huntsville, Alabama market at a cost of approximately $3.3 million, paid in cash. The Huntsville stations were primarily acquired as they complemented the Company s station portfolio and increased both its state and regional coverage of the United States.

At June 30, 2007 and 2006 the Company operated four and three stations, respectively, under local marketing agreements (LMAs). The consolidated statements of operations for the three and six months ended June 30, 2007 and 2006 include the revenue and broadcast operating expenses related to four and three radio stations and any related fees associated with the LMAs, respectively.

5. Investment in Affiliate

On October 31, 2005, the Company announced that, together with Bain Capital Partners, The Blackstone Group and Thomas H. Lee Partners, it had formed a new private partnership, Cumulus Media Partners, LLC (CMP). CMP is a private partnership created by the Company and the equity partners to acquire the radio broadcasting business of Susquehanna Pfaltzgraff Co. Each of the Company and the equity partners holds a 25% equity ownership in CMP. Under the terms of the partnership arrangement, if certain performance targets are met, the Company s participation in the distribution of assets from CMP may be increased to up to 40%, with the respective participations in such distributions by each equity partner reduced to as low as 20%.

On May 5, 2006, the Company announced that the acquisition of the radio broadcasting business of Susquehanna Pfaltzgraff Co. by CMP was completed at a purchase price of approximately $1.2 billion. Susquehanna s radio broadcasting business consisted of 33 radio stations in 8 markets: San Francisco, Dallas, Houston, Atlanta, Cincinnati, Kansas City, Indianapolis and York, Pennsylvania.

In connection with the formation of CMP, the Company contributed four radio stations (including related licenses and assets) in the Houston, Texas and Kansas City, Missouri markets and approximately $6.2 million in cash in exchange for its membership interests in CMP. The Company recognized a gain of $2.5 million from the transfer of assets to CMP. In addition, upon consummation of the acquisition, the Company received a payment of approximately $3.5 million as consideration for advisory services provided in connection with the acquisition. The payment was recorded by the Company as a reduction in Cumulus s investment in CMP.

The Company s investment in CMP is accounted for under the equity method. For the three months ended June 30, 2007, the Company recorded approximately $0.7 million as equity loss in affiliate and for the six months ended June 30, 2007 the Company recorded $1.6 million as equity loss from affiliate. These amounts are presented as part of non-operating income (loss) on the accompanying condensed consolidated statement of operations. For the three and six months ended June 30, 2007, the affiliate generated revenues of $63.2 million and $112.0 million, operating

expense of $36.1 million and $65.1 million and net loss of $2.9 million and $5.0 million, respectively. For the period May and June 2006, during which time the Company had an equity investment in CMP, the affiliate generated revenues of $42.8 million, expense of $23.1 million and a net loss of $8.6 million.

Concurrently with the consummation of the acquisition, the Company entered into a management agreement with a subsidiary of CMP, pursuant to which the Company s management will manage the operations of CMP s subsidiaries. The agreement provides for the Company to receive, on a quarterly basis, a management fee that is expected to be approximately 1% of the subsidiaries annual EBITDA or $4.0 million, whichever is greater. For the three and six months ended June 30, 2007, the Company recorded as net revenues approximately $1.0 million and $2.0 million, respectively, in management fees from CMP.

6. Long Term Debt

The Company s long-term debt consisted of the following at June 30, 2007 and December 31, 2006 (dollars in thousands):

	June 30, 2007	December 31, 2006
Term loan and revolving credit facilities at 7.1% and 7.7%, respectively	$740,000	$751,250
Less: Current portion of long-term debt	(7,500)	(7,500)
	$732,500	$743,750

2007 Refinancing

On June 11, 2007, the Company entered into an amendment to its existing credit agreement, dated June 7, 2006, by and among the Company, Bank of America, N.A., as administrative agent, and the lenders party thereto. The credit agreement, as amended, is referred to herein as the Amended Credit Agreement.

The Amended Credit Agreement provides for a replacement term loan facility, in the original aggregate principal amount of $750.0 million, to replace the prior term loan facility, which had an outstanding balance at the time of refinancing of approximately $713.9 million, and maintains the pre-existing $100.0 million revolving credit facility. The proceeds of the replacement term loan facility, fully funded on June 11, 2007, were used to repay the outstanding balances under the prior term loan facility and under the revolving credit facility.

The Company s obligations under the Amended Credit Agreement are collateralized by substantially all of its assets in which a security interest may lawfully be granted (including FCC licenses held by its subsidiaries), including, without limitation, intellectual property and all of the capital stock of the Company s direct and indirect domestic subsidiaries (except for Broadcast Software International, Inc.) and 65% of the capital stock of certain first-tier foreign subsidiaries. In addition, the Company s obligations under the Amended Credit Agreement are guaranteed by certain of its subsidiaries.

The Amended Credit Agreement contains terms and conditions customary for financing arrangements of this nature. The replacement term loan facility will mature on June 11, 2014 and will amortize in equal quarterly installments beginning on September 30, 2007, with 0.25% of the initial aggregate advances payable each quarter during the first six years of the term, and 23.5% due in each quarter during the seventh year. The revolving credit facility will mature on June 7, 2012 and, except at the option of the Company, the commitment will remain unchanged up to that date.

Borrowings under the replacement term loan facility will bear interest, at the Company s option, at a rate equal to LIBOR plus 1.75% or the Alternate Base Rate (defined as the higher of the Bank of America Prime Rate and the Federal Funds rate plus 0.50%) plus 0.75%. Borrowings under the revolving credit facility will bear interest, at the Company s option, at a rate equal to LIBOR plus a margin ranging between 0.675% and 2.0% or the Alternate Base Rate plus a margin ranging between 0.0% and 1.0% (in either case dependent upon the Company s leverage ratio).

As of June 30, 2007, prior to the effect of the May 2005 Swap, the effective interest rate of the outstanding borrowings pursuant to the credit facility was approximately 7.325%. As of June 30, 2007, the effective interest rate inclusive of the May 2005 Swap is 6.619%.

Certain mandatory prepayments of the term loan facility will be required upon the occurrence of specified events, including upon the incurrence of certain additional indebtedness (other than under any incremental credit facilities under the Amended Credit Agreement)

and upon the sale of certain assets.

The representations, covenants and events of default in the Amended Credit Agreement are customary for financing transactions of this nature. Events of default in the Amended Credit Agreement include, among others, (a) the failure to pay when due the obligations owing under the credit facilities; (b) the failure to perform (and not timely remedy, if applicable) certain covenants; (c) cross default and cross acceleration; (d) the occurrence of bankruptcy or insolvency events; (e) certain judgments against the Company or any of its subsidiaries; (f) the loss, revocation or suspension of, or any material impairment in the ability to use of or more of, any of our material FCC licenses; (g) any representation or warranty made, or report, certificate or financial statement delivered, to the lenders subsequently proven to have been incorrect in any material respect; (h) the occurrence of a Change in Control (as defined in the Amended Credit Agreement); and (i) violation of certain financial covenants. Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Amended Credit Agreement and the ancillary loan documents as a secured party. As of June 30, 2007, the Company was in compliance with all financial and non-financial covenants.

In connection with the retirement of the Company s pre-existing credit facilities, the Company recorded a loss on early extinguishment of debt of $1.0 million for 2007, which was comprised of previously capitalized loan origination expenses. In connection with 2007 refinancing, the Company capitalized approximately $1.0 million of debt issuance costs, which will be amortized to interest expense over the life of the debt.

7. Earnings Per Share

The following table sets forth the computation of basic and diluted income per share for the three and six month periods ended June 30, 2007 and 2006 (in thousands, except per share data).

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006 (RESTATED)	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006 (RESTATED)
Numerator:				
Net income	$ 2,539	$ 6,737	$ 725	$ 7,593
Denominator:				
Denominator for basic income per common share:				
Weighted average common shares outstanding	43,598	58,459	43,403	59,262
Effect of dilutive securities:				
Options	540	1,316	569	1,201
Restricted shares	81	184	76	230
Shares applicable to diluted income per common share	44,219	59,959	44,048	60,693
Basic income per common share	$ 0.06	$ 0.12	$ 0.02	$ 0.13
Diluted income per common share	$ 0.06	$ 0.11	$ 0.02	$ 0.13

The Company has issued to key executives and employees restricted stock and stock options to purchase shares of common stock as part of the Company s stock incentive plans. At June 30, 2007 and 2006, the following restricted stock and stock options to purchase the following classes of common stock were issued and outstanding:

	June 30, 2007	June 30, 2006

Restricted shares of Class A Common Stock	612,500	1,005,000
Options to purchase Class A Common Stock	7,239,303	8,469,433
Options to purchase Class C Common Stock	1,500,690	1,500,690

For the three and six months ended June 30, 2007, 6,868,312 options were not included in the calculation of weighted average diluted common shares outstanding because the exercise price of the options exceeded the average share price for the period.

8. Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income,* establishes standards for reporting comprehensive income. Comprehensive income includes net income as currently reported under accounting principles generally accepted in the United States of America, and also

considers the effect of additional economic events that are not required to be reported in determining net income, but rather are reported as a separate component of stockholders equity. The Company reports changes in the fair value of derivatives qualifying as cash flow hedges as components of comprehensive income. The components of comprehensive income are as follows (dollars in thousands):

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006 (RESTATED)	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006 (RESTATED)
Net income	$2,539	$ 6,737	$ 725	$ 7,593
Change in the fair value of derivative instruments		(3,718)		(780)
Comprehensive income	$2,539	$ 3,019	$ 725	$ 6,813

9. Commitments and Contingencies

The national advertising contract with Katz contains termination provisions which, if exercised by the Company during the term of the contract, would obligate the Company to pay a termination fee to Katz, calculated based upon a formula set forth in the contract.

The radio broadcast industry s principal ratings service is Arbitron, which publishes periodic ratings surveys for domestic radio markets. The Company has a five-year agreement with Arbitron under which the Company receives programming ratings materials in a majority of its markets. The Company s remaining obligation under the agreement with Arbitron totals approximately $14.1 million as of June 30, 2007 and will be paid in accordance with the agreement through July 2009.

In December 2004, the Company purchased 240 perpetual licenses from iBiquity Digital Corporation, which will enable the Company to convert to and utilize HD Radio technology on 240 of the Company s stations. Under the terms of the agreement, the Company has committed to convert the 240 stations over a seven year period beginning in the second half of 2005. The conversion of stations to the HD Radio technology will require an investment in certain capital equipment over the next five years. Management estimates its investment will be approximately $0.1 million per station converted.

The Company has been subpoenaed by the Office of the Attorney General of the State of New York, as were some of the other radio broadcasting companies operating in the state of New York, in connection with the New York Attorney General s investigation of promotional practices related to record companies dealings with radio stations. We are cooperating with the Attorney General in this investigation.

In May 2007, the Company received a request for information and documents from the FCC related to the Company s sponsorship of identification policies and sponsorship identification practices at certain of its radio stations as requested by the FCC. The Company is cooperating with the FCC in this investigation and is in the process of producing documents and other information requested by the FCC. The Company has not yet determined what effect the inquiry will have, if any, on its financial position, results of operations or cash flows.

The Company is also a defendant from time to time in various other lawsuits, which are generally incidental to its business. The Company is vigorously contesting all such matters and believes that their ultimate resolution will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

10. Subsequent Event

On July 23, 2007, the Company entered into an Agreement and Plan of Merger (the Merger Agreement) with Cloud Acquisition Corporation, a Delaware corporation (Parent), and Cloud Merger Corporation, a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub). Under the terms of the Merger Agreement, Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation and a wholly owned subsidiary of Parent (the Merger).

Parent is owned by an investment group consisting of Mr. Lewis W. Dickey, Jr., the Company s Chairman, President and Chief Executive Officer, his brother John W. Dickey, the Company s Executive Vice President and Co-Chief Operating Officer, other

members of their family (collectively with Messrs. L. Dickey and J. Dickey, the Dickeys), and an affiliate of Merrill Lynch Global Private Equity (the Sponsor).

The Dickeys have agreed, at the request of the Sponsor, to contribute a portion of their Company equity to Parent or an affiliate thereof (such contributed equity, the Rollover Shares). Parent has obtained equity and debt financing commitments for the transactions contemplated by the Merger Agreement, the aggregate proceeds of which will be sufficient for Parent to pay the aggregate merger consideration and all related fees and expenses.

At the effective time of the Merger, each outstanding share of Class A Common Stock, other than (a) the Rollover Shares, (b) shares owned by the Company, Parent or any wholly owned subsidiaries of the Company or Parent, or (c) shares owned by any stockholders who are entitled to and who have properly exercised appraisal rights under Delaware law, will be cancelled and converted into the right to receive $11.75 per share in cash.

On July 27, 2007, there was an asserted class action lawsuit related to the merger filed against the Company, its Chief Executive Officer, each of its directors, and the Sponsor in the Superior Court of Fulton County, Georgia. The complaint alleges, among other things, that the Merger is the product of an unfair process, that the consideration to be paid to the Company s stockholders in the Merger is inadequate, and that the defendants breached their fiduciary duties to the Company s stockholders. The complaints further allege that the Company and the Sponsor aided and abetted the actions of the Company s directors in breaching such fiduciary duties. The complaint seeks, among other relief, an injunction preventing completion of the Merger. We believe this lawsuit is without merit and plan to defend it vigorously.

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Item 2. ***Management s Discussion and Analysis of Financial Condition and Results of Operations***

2006 Restatement

In May 2005 we entered into a forward-starting LIBOR-based interest rate swap arrangement (the May 2005 Swap) to manage fluctuations in cash flows for certain of our debt instruments resulting from interest rate risk attributable to changes in the benchmark interest rate of LIBOR. Through fiscal year 2006, we accounted for the May 2005 Swap as a qualifying cash flow hedge of the future variable rate interest payments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, whereby changes in the fair value are reported as a component of the Company s accumulated other comprehensive income (AOCI), a portion of stockholders equity. Subsequent to the filing of the Company s annual report on Form 10-K for the year ended December 31, 2006, management discovered that beginning June 15, 2006, in connection with the refinancing of the Company s debt, based on the interest rate elections made by the company at this time, the May 2005 Swap no longer qualified as a cash flow hedging instrument. Accordingly, the changes in its fair value should have been reflected in the statement of operations instead of AOCI. In addition, as of June 15, 2006, certain amounts included in AOCI should have been reversed and recognized in the statement of operations.

As a result of the of the correction of the error discussed above, the Company s income before income tax benefit and equity loss of affiliate for the three and six months ended June 30, 2006 increased approximately $6.3 million, resulting primarily from the reclassification of a portion of AOCI to the statement of operations. Net income for the three and six months ended June 30, 2006 increased $2.0 million due to recording an additional $4.3 million of income tax expense on the $6.3 million reduction of interest expense. The amount remaining in AOCI will be reclassified to the statement of operations beginning in the quarter ending September 30, 2007.

The following table sets forth the effects of the errors in accounting for the May 2005 Swap, as more fully described in Note 2 in the condensed consolidated financial statements included in this report.

	As Previously Reported Three Months Ended June 30, 2006	Adjustments	RESTATED Three Months Ended June 30, 2006
Bank borrowings term loan and revolving credit facilities	$(9,589)	$	$ (9,589)
Bank borrowings yield adjustment interest rate swap arrangement	981		981
Bank borrowings yield adjustment for amount reclassified from other comprehensive income upon hedge accounting discontinuation		5,557	5,557
Bank borrowings yield adjustment for change in fair value of the interest rate swap agreement		756	756
Change in fair value of interest rate option agreement	277		277
Other interest expense	(728)		(728)
Interest income	159		159
Interest expense, net	$(8,900)	$ 6,313	$ (2,587)

	As Previously		RESTATED

	Reported Six Months Ended June 30, 2006	Adjustments	Six Months Ended June 30, 2006
Bank borrowings term loan and revolving credit facilities	$(18,051)	$	$ (18,051)
Bank borrowings yield adjustment interest rate swap arrangement	2,496		2,496
Bank borrowings yield adjustment for amount reclassified from other comprehensive income upon hedge accounting discontinuation		5,557	5,557
Bank borrowings yield adjustment for change in fair value of the interest rate swap agreement		756	756
Change in fair value of interest rate option agreement	1,126		1,126
Other interest expense	(1,300)		(1,300)
Interest income	303		303
Interest expense, net	$(15,426)	$ 6,313	$ (9,113)

General

The following discussion of our condensed consolidated financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes thereto included elsewhere in this quarterly report. This discussion, as well as various other sections of this quarterly report, contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements relate to the intent, belief or current expectations of our officers primarily with respect to our future operating performance. Any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors, including but not limited to, the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement described in Note 10 to the condensed consolidated financial statements included in this report; the outcome of any legal proceedings that have been or may be instituted against us related to the Merger Agreement; the inability to complete the Merger due to the failure to obtain stockholder or regulatory approval of the Merger; the failure to obtain the necessary financing arrangements set forth in the debt and equity commitment letters delivered pursuant to the Merger Agreement; risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the Merger; and the ability to recognize the benefits of the Merger, as well as, risks and uncertainties relating to leverage, the need for additional funds, FCC and government approval of pending acquisitions, our inability to renew one or more of our broadcast licenses, changes in interest rates, consummation of our pending acquisitions, integration of acquisitions, our ability to eliminate certain costs, the management of rapid growth, the popularity of radio as a broadcasting and advertising medium, changing consumer tastes, the impact of general economic conditions in the United States or in specific markets in which we currently do business, industry conditions, including existing competition and future competitive technologies and cancellation, disruptions or postponements of advertising schedules in response to national or world events. Many of these risks and uncertainties are beyond our control. This discussion identifies important factors that could cause such differences. The unexpected occurrence of any such factors would significantly alter the results set forth in these statements.

Overview

The following discussion of our financial condition and results of operations includes the results of acquisitions and local marketing, management and consulting agreements. As of June 30, 2007, we owned and operated 305 stations in 59 U.S. markets and provided sales and marketing services under local marketing, management and consulting agreements (pending FCC approval of acquisition) to four stations in two U.S. markets. In addition, we, along with three private equity firms, formed Cumulus Media Partners, LLC (CMP), which acquired the radio broadcasting business of Susquehanna Pfaltzgraff Co. (Susquehanna) in May 2006. The acquisition included 34 radio stations in 8 markets.

As a result of our investment in CMP and the acquisition of Susquehanna s radio operations, we continue to be the second largest radio broadcasting company in the United States based on number of stations and believe that, based upon the stations we own or manage through CMP, we are the third largest radio broadcasting company based on net revenues. As of June 30, 2007 we, directly and through our investment in CMP, own or operate a total of 343 radio stations in 67 U.S. markets.

Advertising Revenue and Station Operating Income

Our primary source of revenue is the sale of advertising time on our radio stations. Our sales of advertising time are primarily affected by the demand for advertising time from local, regional and national advertisers and the advertising rates charged by our radio stations. Advertising demand and rates are based primarily on a station s ability to attract audiences in the demographic groups targeted by its advertisers, as measured principally by Arbitron on a periodic basis-generally one, two or four times per year. Because audience ratings in local markets are crucial to a station s financial success, we endeavor to develop strong listener loyalty. We believe that the diversification of formats on our stations helps to insulate them from the effects of changes in the musical tastes of the public with respect to any particular format.

The number of advertisements that can be broadcast without jeopardizing listening levels and the resulting ratings is limited in part by the format of a particular station. Our stations strive to maximize revenue by managing their on-air

inventory of advertising time and adjusting prices based upon local market conditions. In the broadcasting industry, radio stations sometimes utilize trade or barter agreements that exchange advertising time for goods or services such as travel or lodging, instead of for cash.

Our advertising contracts are generally short-term. We generate most of our revenue from local advertising, which is sold primarily by a station s sales staff. During the six months ended June 30, 2007 and 2006, approximately 87.9% and 88.0% of our revenues were

from local advertising, respectively. We generate national advertising revenue with the assistance of an outside national representation firm. We engaged Katz Media Group, Inc. (Katz) to represent the Company as our national advertising sales agent.

Our revenues vary throughout the year. As is typical in the radio broadcasting industry, we expect our first calendar quarter will produce the lowest revenues for the year, and the fourth calendar quarter will generally produce the highest revenues for the year, with the exception of certain of our stations such as those in Myrtle Beach, South Carolina, where the stations generally earn higher revenues in the second and third quarters of the year because of the higher seasonal population in those communities.

Our operating results in any period may be affected by the incurrence of advertising and promotion expenses that typically do not have an effect on revenue generation until future periods, if at all. Our most significant station operating expenses are employee salaries and commissions, programming expenses, advertising and promotional expenditures, technical expenses, and general and administrative expenses. We strive to control these expenses by working closely with local station management. The performance of radio station groups, such as ours, is customarily measured by the ability to generate station operating income. See the definition of this non-GAAP measure, including a description of the reasons for its presentation, as well as a quantitative reconciliation to its most directly comparable financial measure calculated and presented in accordance with GAAP, below.

Results of Operations

Analysis of Condensed Consolidated Statements of Operations. The following analysis of selected data from the Company s condensed consolidated statements of operations and other supplementary data should be referred to while reading the results of operations discussion that follows:

	For the Three Months Ended June 30, 2007	For the Three Months Ended June 30, 2006 As RESTATED	Increase/(Decrease) 2007 vs. 2006	Percent Change 2007 vs. 2006
STATEMENT OF OPERATIONS DATA:				
Net revenues	$ 87,338	$ 87,342	$ (4)	0.0%
Station operating expenses excluding depreciation, amortization and LMA fees	53,581	55,163	(1,582)	-2.9%
Depreciation and amortization	3,690	4,513	(823)	-18.2%
Gain on assets transferred to affiliate		(2,548)	(2,548)	-100.0%
LMA fees	165	192	(27)	-14.1%
Corporate general and administrative (including non-cash stock compensation expense)	6,052	8,080	(2,028)	-25.1%
Operating income	23,850	21,942	1,908	8.7%
Interest (expense), net	(10,457)	(2,587)	7,870	304.2%
Loss on early extinguishment of debt	(986)	(2,284)	(1,298)	-56.8%
Other income (expense), net	(142)	525	(667)	-127.0%
Income tax expense	(8,987)	(8,372)	(615)	7.3%
Equity in loss of affiliate	(739)	(2,487)	(1,748)	-70.3%
Net income	$ 2,539	$ 6,737	$ (4,198)	-62.3%
OTHER DATA:				

Station Operating Income (1)	$ 33,757	$ 32,179	$ 1,578	4.9%
Station Operating Income Margin (2)	38.7%	36.8%	**	**

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	For the Six Months Ended June 30, 2007	For the Six Months Ended June 30, 2006 AS RESTATED	Increase/(Decrease) 2007 vs. 2006	Percent Change 2007 vs. 2006
STATEMENT OF OPERATIONS DATA:				
Net revenues	$159,739	$162,611	$ (2,872)	-1.8%
Station operating expenses excluding depreciation, amortization and LMA fees	105,228	108,731	(3,503)	-3.2%
Depreciation and amortization	7,560	9,326	(1,766)	-18.9%
Gain on assets transferred to affiliate		(2,548)	(2,548)	-100.0%
LMA fees	331	397	(66)	-16.6%
Corporate general and administrative (including non-cash stock compensation expense)	12,780	15,768	(2,988)	-18.9%
Operating income	33,840	30,937	2,903	9.4%
Interest expense, net	(25,001)	(9,113)	15,888	174.3%
Loss on early extinguishment of debt	(986)	(2,284)	(1,298)	-56.8%
Other income (expense), net	(171)	162	(333)	-205.6%
Income tax expense	(5,400)	(9,622)	(4,222)	43.9%
Equity in loss of affiliate	(1,557)	(2,487)	(930)	-37.4%
Net income	$ 725	$ 7,593	$ (6,868)	-90.5%
OTHER DATA:				
Station operating income (1)	$ 54,511	$ 53,880	$ 631	1.2%
Station operating income margin (2)	34.1%	33.1%	**	**
Cash flows related to:				
Operating activities	13,441	29,809	(16,368)	-54.9%
Investing activities	(2,367)	(13,607)	(11,240)	-82.6%
Financing activities	(12,182)	(8,296)	3,886	46.8%
Capital expenditures	$ (2,277)	$ (5,887)	$ (3,610)	-61.3%

** Not a meaningful calculation to present.

(1) Station operating income consists of operating income before depreciation and

amortization, LMA fees, corporate general and administrative expenses, non-cash stock compensation and gain on assets transferred to affiliate. Station operating income is not a measure of performance calculated in accordance with GAAP. Station operating income should not be considered in isolation or as a substitute for net income, operating income (loss), cash flows from operating activities or any other measure for determining our operating performance or liquidity that is calculated in accordance with GAAP. See management s explanation of this measure and the reasons for its use and presentation, along with a quantitative reconciliation of station operating income to its most directly

comparable financial measure calculated and presented in accordance with GAAP, below.

(2) Station operating income margin is defined as station operating income as a percentage of net revenues.

Three Months Ended June 30, 2007 Versus the Three Months Ended June 30, 2006.

Net Revenues. Net revenues remained flat at $87.3 million for the three months ended June 30, 2007 compared to $87.3 million for the three months ended June 30, 2006.

On a pro forma basis, which excludes the April May 4th 2006 results of the stations contributed to our affiliate, CMP, net revenues for the three months ended June 30, 2007 increased $0.9 million to $87.3 million, an increase of 1.1% from the same period in 2006, due to organic growth across the station platform. Pro forma station operating income increased $1.6 million or 4.9% from the same period in 2006, due to increased revenues and cost reductions.

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Station Operating Expenses, Excluding Depreciation, Amortization and LMA Fees. Station operating expenses excluding depreciation, amortization and LMA fees (including non-cash contract termination costs) decreased $1.6 million, or 2.9%, to $53.6 million for the three months ended June 30, 2007 from $55.2 million for the three months ended June 30, 2006. This decrease was primarily a result of the contribution of our Houston and Kansas City stations to CMP. As a percentage of net revenues, the provision for doubtful accounts was 0.9% for the three months ended June 30, 2007 and was consistent with the prior year.

Depreciation and Amortization. Depreciation and amortization decreased $0.8 million, or 18.2%, to $3.7 million for the three months ended June 30, 2007, compared to $4.5 million for the three months ended June 30, 2006. This decrease was primarily attributable to previously recorded assets being fully depreciated combined with the contribution of certain assets to CMP in 2006 as noted above.

LMA Fees. LMA fees totaled $0.2 million for the three months ended June 30, 2007, versus $0.2 million for the three months ended June 30, 2006. LMA fees in the current year were comprised primarily of fees associated with stations operated under LMAs in Vinton, Iowa, and Ann Arbor, Michigan.

Corporate, General and Administrative Expenses Including Non-cash Stock Compensation. Corporate, general and administrative expenses decreased $2.0 million or 25.1% to $6.1 million for the three months ended June 30, 2007, compared to $8.1 million for the three months ended June 30, 2006. This decrease was primarily attributable to a decrease in non-cash stock compensation costs of $1.6 million and the timing of professional fees offset by increased personnel costs associated with the management of CMP.

Nonoperating Income (Expense). Interest expense, net of interest income, increased by $7.9 million to $10.5 million for the three months ended June 30, 2007 as compared with $2.6 million in the prior year s period. Interest associated with outstanding debt, increased by $4.3 million to $13.9 million as compared to $9.6 million in the prior year s period. This increase was due to a higher average cost of bank debt and increased levels of bank debt outstanding during the current quarter. The remainder of the increase was primarily due to the change in the fair value and interest rate yield of certain derivative instruments. The following summary details the components of our interest expense, net of interest income (dollars in thousands):

	For the Three Months Ended June 30, 2007	**RESTATED (1) For the Three Months Ended June 30, 2006**	**Increase/ (Decrease)**
Bank borrowings term loan and revolving credit facilities	(13,866)	$ (9,589)	$ 4,277
Bank borrowings yield adjustment interest rate swap arrangement	1,459	981	478
Bank borrowings one-time yield adjustment for amount reclassified from other comprehensive income upon hedge accounting discontinuation		5,557	(5,557)
Bank borrowings yield adjustment for change in fair value of the interest rate swap agreement	1,352	756	940
Change in fair value of interest rate option agreement	773	277	496
Other interest expense	(281)	(728)	(103)
Interest income	106	159	(53)
Interest expense, net	$(10,457)	$ (2,587)	$ 7,870

(1) See note 2 to the financial statements for further discussion of the restatement.

Income Taxes. Income tax expense increased $0.6 million to $9.0 million for the three months ended June 30, 2007, compared to $8.4 million for the three months ended June 30, 2006.

Station Operating Income. As a result of the factors described above, station operating income increased $1.6 million, or 4.9%, to $33.8 million for the three months ended June 30, 2007, compared to $32.2 million for the three months ended June 30, 2006. Station operating income consists of operating income before depreciation and amortization, LMA fees, corporate general and administrative expenses, non-cash stock compensation and gain on assets transferred to affiliate. Station operating income should not be considered in isolation or as a substitute for net income, operating income (loss), cash flows from operating activities or any other measure for determining our operating performance or liquidity that is calculated in accordance with GAAP. We exclude depreciation and amortization due to the insignificant investment in tangible assets required to operate our stations and the relatively insignificant

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amount of intangible assets subject to amortization. We exclude LMA fees from this measure, even though it requires a cash commitment, due to the insignificance and temporary nature of such fees. Corporate expenses, despite representing an additional significant cash commitment, are excluded in an effort to present the operating performance of our stations exclusive of the corporate resources employed. We believe this is important to our investors because it highlights the gross margin generated by our station portfolio. Finally, we exclude non-cash stock compensation from the measure as it does not represent cash payments related to the operation of the stations.

We believe that station operating income is the most frequently used financial measure in determining the market value of a radio station or group of stations. We have observed that station operating income is commonly employed by firms that provide appraisal services to the broadcasting industry in valuing radio stations. Further, in each of the more than 140 radio station acquisitions we have completed since our inception, we have used station operating income as our primary metric to evaluate and negotiate the purchase price to be paid. Given its relevance to the estimated value of a radio station, we believe, and our experience indicates, that investors consider the measure to be useful in order to determine the value of our portfolio of stations. We believe that station operating income is the most commonly used financial measure employed by the investment community to compare the performance of radio station operators. Finally, station operating income is the primary measure that our management uses to evaluate the performance and results of our stations. Our management uses the measure to assess the performance of our station managers and our Board of Directors uses it to determine the relative performance of our executive management. As a result, in disclosing station operating income, we are providing our investors with an analysis of our performance that is consistent with that which is utilized by our management and our Board.

Station operating income is not a recognized term under GAAP and does not purport to be an alternative to operating income from continuing operations as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, station operating income is not intended to be a measure of free cash flow available for dividends, reinvestment in our business or other Company discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Station operating income should be viewed as a supplement to, and not a substitute for, results of operations presented on the basis of GAAP. We compensate for the limitations of using station operating income by using it only to supplement our GAAP results to provide a more complete understanding of the factors and trends affecting our business than GAAP results alone. Station operating income has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Moreover, because not all companies use identical calculations, these presentations of station operating income may not be comparable to other similarly titled measures of other companies.

Reconciliation of Non-GAAP Financial Measure. The following table reconciles station operating income to operating income as presented in the accompanying condensed consolidated statements of operations (the most directly comparable financial measure calculated and presented in accordance with GAAP (dollars in thousands):

	For the Three Months Ended June 30, 2007	**For the Three Months Ended June 30, 2006**
Operating income	$23,850	$ 21,942
Depreciation and amortization	3,690	4,513
Gain on assets transferred to affiliate		(2,548)
LMA fees	165	192
Corporate general and administrative	6,052	8,080

Station operating income	$33,757	$ 32,179

Six Months Ended June 30, 2007 Versus the Six Months Ended June 30, 2006.

Net Revenues. Net revenues for the six months ended June 30, 2007 decreased $2.9 million to $159.7 million or 1.8% from $162.6 million in 2006, primarily as a result of the contribution of our Houston and Kansas City stations to our affiliate, CMP in 2006, partially offset by organic growth over the Company s existing station platform.

On a pro forma basis, which excludes the results of the stations contributed to our affiliate, CMP, for the period January through May 4th, 2006, net revenues for the six months ended June 30, 2007 increased $0.4 million to $159.7 million, an increase of 0.3% from the

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same period in 2006, due to organic growth across the station platform. Pro forma station operating income increased $0.9 million, an increase of 1.7% from the same period in 2006.

Station Operating Expenses, Excluding Depreciation, Amortization and LMA Fees. Station operating expenses decreased $3.5 million to $105.2 million, or 3.2% from $108.7 million as compared to the same period in 2006. This decrease was primarily as a result of the contribution of our Houston and Kansas City stations to CMP.

Depreciation and Amortization. Depreciation and amortization decreased $1.7 million, or 18.9%, to $7.6 million for the six months ended June 30, 2007 as compared to $9.3 million for the six months ended June 30, 2006. This decrease was primarily attributable to previously recorded assets being fully depreciated combined with the contribution of certain assets to CMP in 2006.

LMA Fees. LMA fees totaled $0.3 million for the six months ended June 30, 2007, compared to $0.4 million for the six months ended June 30, 2006. LMA fees in the current year were comprised primarily of fees associated with LMA agreements in Vinton, Iowa, and Ann Arbor, Michigan.

Corporate, General and Administrative Expenses Including Non-cash Stock Compensation. Corporate, general and administrative expenses decreased $3.0 million or 18.9% to $12.8 million for the six months ended June 30, 2007, compared to $15.8 million for the six months ended June 30, 2006. This decrease of $3.0 million resulted primarily due to a $2.7 million decrease in non-cash stock compensation costs and the timing of professional fees offset by increased personnel costs associated with the management of CMP.

Nonoperating Income (Expense). Interest expense, net of interest income increased by $15.9 million to $25.0 million for the six months ended June 30, 2007 as compared to $9.1 million in the prior period. Interest associated with outstanding debt, increased by $9.5 million to $27.6 million as compared to $18.1 million in the prior year s period. This increase was due to a higher average cost of bank debt and increased levels of bank debt outstanding during the current period. The remainder of the increase was primarily due to the change in the fair value and interest rate yield of certain derivative instruments. The following summary details the components of our interest expense, net of interest income (dollars in thousands):

		RESTATED (1)	
	For the Six Months Ended June 30, 2007	**For the Six Months Ended June 30, 2006**	**Increase/ (Decrease)**
Bank borrowings term loan and revolving credit facilities	$(27,578)	$ (18,051)	$ 9,527
Bank borrowings yield adjustment interest rate swap arrangement	2,800	2,496	304
Bank borrowings one-time yield adjustment for amount reclassified from other comprehensive income upon hedge accounting discontinuation		5,557	(5,557)
Bank borrowings yield adjustment for change in fair value of the interest rate swap agreement	(668)	756	(1,080)
Change in fair value of interest rate option agreement	799	1,126	(327)
Other interest expense	(544)	(1,300)	(412)
Interest income	190	303	(113)
Interest expense, net	$(25,001)	$ (9,113)	$15,888

(1)

See note 2 to the financial statements for further discussion of the restatement.

Income Taxes. Income tax expense decreased $4.2 million to $5.4 million for six months ended June 30, 2007, compared to $9.6 million for the six months ended June 30, 2006.

Station Operating Income. As a result of the factors described above, station operating income increased $0.6 million, or 1.2%, to $54.5 million for the six months ended June 30, 2007, compared to $53.9 million for the six months ended June 30, 2006. Station operating income consists of operating income before depreciation and amortization, LMA fees, corporate general and administrative expenses, non-cash stock compensation and gain on assets transferred to affiliate. Station operating income should not be considered in isolation or as a substitute for net income, operating income (loss), cash flows from operating activities or any other measure for determining our operating performance or liquidity that is calculated in accordance with GAAP. Gain on transfers of assets to affiliates is excluded, as cash was not received nor is any cash anticipated to be received for these transfers. We exclude depreciation

and amortization due to the insignificant investment in tangible assets required to operate our stations and the relatively insignificant amount of intangible assets subject to amortization. We exclude LMA fees from this measure, even though it requires a cash commitment, due to the insignificance and temporary nature of such fees. Corporate, expenses, despite representing an additional significant cash commitment, are excluded in an effort to present the operating performance of our stations exclusive of the corporate resources employed. We believe this is important to our investors because it highlights the gross margin generated by our station portfolio. Finally, we exclude non-cash stock compensation from the measure as it does not represent cash payments related to the operation of the stations. We believe that station operating income is the most frequently used financial measure in determining the market value of a radio station or group of stations. We have observed that station operating income is commonly employed by firms that provide appraisal services to the broadcasting industry in valuing radio stations. Further, in each of the more than 140 radio station acquisitions we have completed since our inception, we have used station operating income as our primary metric to evaluate and negotiate the purchase price to be paid. Given its relevance to the estimated value of a radio station, we believe, and our experience indicates, that investors consider the measure to be useful in order to determine the value of our portfolio of stations. We believe that station operating income is the most commonly used financial measure employed by the investment community to compare the performance of radio station operators. Finally, station operating income is the primary measure that our management intends to use to evaluate the performance and results of our stations. Our management uses the measure to assess the performance of our station managers and our Board of Directors uses it to determine the relative performance of our executive management. As a result, in disclosing station operating income, we are providing our investors with an analysis of our performance that is consistent with that which will be utilized by our management and our Board.

Station operating income is not a recognized term under GAAP and does not purport to be an alternative to operating income from continuing operations as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, station operating income is not intended to be a measure of free cash flow available for dividends, reinvestment in our business or other Company discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Station operating income should be viewed as a supplement to, and not a substitute for, results of operations presented on the basis of GAAP. We compensate for the limitations of using station operating income by using it only to supplement our GAAP results to provide a more complete understanding of the factors and trends affecting our business than GAAP results alone. Station operating income has its limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Moreover, because not all companies use identical calculations, these presentations of station operating income may not be comparable to other similarly titled measures of other companies.

Reconciliation of Non-GAAP Financial Measure. The following table reconciles station operating income to operating income as presented in the accompanying condensed consolidated statements of operations (the most directly comparable financial measure calculated and presented in accordance with GAAP (dollars in thousands):

	For the Six Months Ended June 30, 2007	**For the Six Months Ended June 30, 2006**
Operating income	$33,840	$ 30,937
Depreciation and amortization	7,560	9,326
Gain on assets transferred to affiliate		(2,548)
LMA fees	331	397
Corporate general and administrative	12,780	15,768

Station operating income	$54,511	$ 53,880

Intangible Assets. Intangible assets, net of amortization, were $934.8 million and $934.1 million as of June 30, 2007 and December 31, 2006, respectively. These intangible asset balances primarily consist of broadcast licenses and goodwill, although we possess certain other intangible assets obtained in connection with our acquisitions, such as non-compete agreements. Specifically identified intangible assets, including broadcasting licenses, acquired in a business combination are recorded at their estimated fair value on the date of the related acquisition. Purchased intangible assets are recorded at cost. Goodwill represents the excess of purchase price over the fair value of tangible assets and specifically identified intangible assets.

Liquidity and Capital Resources

Our principal need for funds has been to fund working capital needs, capital expenditures, and interest and debt service payments. Our principal sources of funds for these requirements have been cash flows from financing activities, such as the proceeds from borrowings under credit facilities and cash flows from operations. Our principal needs for funds in the future are expected to include the need to fund pending and future acquisitions, interest and debt service payments, working capital needs and capital expenditures. We believe that our presently projected cash flow from operations and present financing arrangements, including availability under our existing credit facilities, or borrowings that would be available from future financing arrangements, will be sufficient to meet our foreseeable capital needs for the next 12 months, including the funding of pending acquisitions, operations and debt service. However, our cash flow from operations is subject to such factors as shifts in population, station listenership, demographics, audience tastes and fluctuations in preferred advertising media. In addition, borrowings under financing arrangements are subject to financial covenants that can restrict our financial flexibility. Further, our ability to obtain additional equity or debt financing is also subject to market conditions and operating performance. As such, there can be no assurance that we will be able to obtain such financing at terms, and on the timetable, that may be necessary to meet our future capital needs.

For the six months ended June 30, 2007, net cash provided by operating activities decreased $19.0 million to $13.4 million from net cash provided by operating activities of $32.4 million for the six months ended June 30, 2006. The decrease is primarily attributable to a $9.0 million decrease in accounts payable and accrued expenses, and a $4.6 million decrease in deferred income taxes.

For the six months ended June 30, 2007, net cash used in investing activities decreased $11.2 million to $2.4 million from net cash used in investing activities of $13.6 million for the six months ended June 30, 2006. This decrease was primarily attributable to the absence of acquisitions and the purchases of certain intangible assets. In addition, capital expenditure decreased $3.6 million year over year.

For the six months ended June 30, 2007, net cash used in financing activities increased $1.3 million to $12.2 million compared to net cash used in financing activities of $10.9 million during the six months ended June 30, 2006. Net cash used during the current period was primarily due to refinancing our credit facility offset by the absence of any significant repurchases of our stock as was done in the second quarter of 2006.

Historical Acquisitions. During the six months ended June 30, 2006, the Company completed its acquisition of two radio stations in the Huntsville, Alabama market at a cost of approximately $3.3 million, paid in cash. The Huntsville stations were primarily acquired as they complemented the Company s station portfolio and increased both its state and regional coverage of the United States.

Pending Acquisitions. As of June 30, 2007, we were not a party to any agreements to acquire stations.

2007 Refinancing

On June 11, 2007, the Company entered into an amendment to its existing credit agreement, dated June 7, 2006, by and among the Company, Bank of America, N.A., as administrative agent, and the lenders party thereto. The credit agreement, as amended, is referred to herein as the Amended Credit Agreement.

The Amended Credit Agreement provides for a replacement term loan facility, in the original aggregate principal amount of $750.0 million, to replace the prior term loan facility, which had an outstanding balance of approximately $713.9 million, and maintains the pre-existing $100.0 million revolving credit facility. The proceeds of the replacement term loan facility, fully funded on June 11, 2007, were used to repay the outstanding balances under the prior term loan facility and under the revolving credit facility.

Our obligations under the Amended Credit Agreement are collateralized by substantially all of our assets in which a security interest may lawfully be granted (including FCC licenses held by its subsidiaries), including, without limitation, intellectual property and all of the capital stock of our direct and indirect domestic subsidiaries (except for Broadcast Software International, Inc.) and 65% of the capital stock of certain first-tier foreign subsidiaries. In addition, our obligations under the Amended Credit Agreement are guaranteed by certain of our subsidiaries.

The Amended Credit Agreement contains terms and conditions customary for financing arrangements of this nature. The replacement term loan facility will mature on June 11, 2014 and will amortize in equal quarterly installments beginning on September 30, 2007, with 0.25% of the initial aggregate advances payable each quarter during the first

six years of the term, and 23.5% due in each quarter

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during the seventh year. The revolving credit facility will mature on June 7, 2012 and, except at our option, the commitment will remain unchanged up to that date.
Borrowings under the replacement term loan facility will bear interest, at our option, at a rate equal to LIBOR plus 1.75% or the Alternate Base Rate (defined as the higher of the Bank of America Prime Rate and the Federal Funds rate plus 0.50%) plus 0.75%. Borrowings under the revolving credit facility will bear interest, at our option, at a rate equal to LIBOR plus a margin ranging between 0.675% and 2.0% or the Alternate Base Rate plus a margin ranging between 0.0% and 1.0% (in either case dependent upon our leverage ratio).
As of June 30, 2007, prior to the effect of the May 2005 Swap, the effective interest rate of the outstanding borrowings pursuant to the credit facility was approximately 7.325%. As of June 30, 2007, the effective interest rate inclusive of the May 2005 Swap is 6.619%.
Certain mandatory prepayments of the term loan facility will be required upon the occurrence of specified events, including upon the incurrence of certain additional indebtedness (other than under any incremental credit facilities under the Amended Credit Agreement) and upon the sale of certain assets.
The representations, covenants and events of default in the Amended Credit Agreement are customary for financing transactions of this nature. Events of default in the Amended Credit Agreement include, among others, (a) the failure to pay when due the obligations owing under the credit facilities; (b) the failure to perform (and not timely remedy, if applicable) certain covenants; (c) cross default and cross acceleration; (d) the occurrence of bankruptcy or insolvency events; (e) certain judgments against the Company or any of its subsidiaries; (f) the loss, revocation or suspension of, or any material impairment in the ability to use of or more of, any of our material FCC licenses; (g) any representation or warranty made, or report, certificate or financial statement delivered, to the lenders subsequently proven to have been incorrect in any material respect; (h) the occurrence of a Change in Control (as defined in the Amended Credit Agreement); and (i) violation of certain financial covenants. Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Amended Credit Agreement and the ancillary loan documents as a secured party. As of June 30, 2007, the Company was in compliance with all financial and non-financial covenants.
In connection with the retirement of our pre-existing credit facilities, we recorded a loss on early extinguishment of debt of $1.0 million for 2007, which was comprised of previously capitalized loan origination expenses. In connection with the new credit facility, we capitalized approximately $1.0 million of debt issuance costs, which will be amortized to interest expense over the life of the debt.

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Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

At June 30, 2007, 100% of our long-term debt bears interest at variable rates. Accordingly, our earnings and after-tax cash flow are affected by changes in interest rates. Assuming the current level of borrowings at variable rates and assuming a one percentage point change in the average interest rate under these borrowings, it is estimated that our interest expense and net income would have changed by $1.9 million and $3.8 million for the three and six months ended June 30, 2007, respectively. As part of our efforts to mitigate interest rate risk, in May 2005, we entered into a forward starting interest rate swap agreement that effectively fixed the interest rate, based on LIBOR, on $400.0 million of our current floating rate bank borrowings for a three-year period commencing March 2006. This agreement is intended to reduce our exposure to interest rate fluctuations and was not entered into for speculative purposes. Segregating the $340.0 million of borrowings outstanding at June 30, 2007 that are not subject to the interest rate swap and assuming a one percentage point change in the average interest rate under these borrowings, it is estimated that our interest expense and net income would have changed by $0.9 million and $1.8 million for the three and six months ended June 30, 2007.

In the event of an adverse change in interest rates, management would likely take actions, in addition to the interest rate swap agreement similar to that discussed above, to further mitigate its exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, additional analysis is not possible at this time. Further, such analysis could not take into account the effects of any change in the level of overall economic activity that could exist in such an environment.

Item 4. ***Controls and Procedures***

We maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

At the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our Chairman, President and Chief Executive Officer (CEO) and our Executive Vice President, Treasurer and Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded that, as a result of the previously disclosed material weakness in our internal control over financial reporting described in our Annual Report on Form 10-K for the year ended December 31, 2006, our disclosure controls and procedures are not effective as of June 30, 2007, due to the fact that the remediation efforts were not fully implemented by the end of such period.

In response to the material weakness described in our annual report on Form 10-K for the year ended December 31, 2006, we have hired additional personnel to complement our existing corporate accounting staff. There have been no other changes in our internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

In May 2007, the Company received a request for information and documents from the FCC related to the Company s sponsorship of identification policies and sponsorship identification practices at certain of its radio stations. The Company is cooperating with the FCC in this investigation and is in the process of producing documents and other information requested by the FCC. The Company has not yet determined what effect the inquiry will have, if any, on its financial position, results of operations or cash flows.

We are from time to time involved in various legal proceedings that are handled and defended in the ordinary course of business. While we are unable to predict the outcome of these matters, management does not believe, based upon currently available facts, that the ultimate resolution of any such proceedings would have a material adverse effect on its overall financial condition or results of operations.

Item 1A. ***Risk Factors***

There have been no material changes to the risk factors previously disclosed in our annual report on Form 10-K other than as set forth below.

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Failure to complete the proposed Merger could negatively affect us.

On July 23, 2007, we entered into the Merger Agreement. There is no assurance that the Merger Agreement and the Merger will be approved by our stockholders, and there is no assurance that the other conditions to the completion of the Merger will be satisfied. In connection with the Merger, we will be subject to several risks, including the following:

- the current market price of our Class A Common Stock may reflect a market assumption that the Merger will occur, and a failure to complete the Merger could result in a decline in the market price of our Class A common stock;
- certain costs relating to the Merger, such as legal, accounting and financial advisory fees, are payable by us whether or not the Merger is completed;
- under certain circumstances, if the Merger is not completed, we may be required to pay the buyer a termination fee of up to $15 million;
- there may be substantial disruption to our business and a distraction of our management and employees from day-to-day operations, because matters related to the Merger may require substantial commitments of their time and resources;
- uncertainty about the effect of the Merger may adversely affect our relationships with our employees, customers and other persons with whom we have business relationships; and
- there has been, and may be more lawsuits filed against us relating to the Merger.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Not applicable.

Item 3. ***Defaults upon Senior Securities***

Not applicable.

Item 4. ***Submission of Matters to a Vote of Security Holders (Any updates as a result of the board meeting)***

Our 2007 annual meeting of stockholders was held on May 10, 2007. Eric P. Robison and Robert H. Sheridan, III were re-elected as Class II directors of the Company by the holders of our Class A Common Stock and Class C Common Stock, voting together as a single class, and by holders of our Class C Common Stock, respectively.

The results of voting on the proposals submitted for approval at the annual meeting of the stockholders were as follows:

Proposal No. 1 (Election of directors)

Nominee	Class	For	Abstain/Withheld
Eric P. Robison	Class II	29,812,83	3,523,996
Robert H. Sheridan, III	Class II	644,877*	

Proposal No. 2 (Approve Amendments to the 2004 Equity Incentive Plan)

For	Against	Broker Non-Votes	Abstain/Withheld
17,543,288	8,593,222	7,180,472	19,846

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Proposal No. 3 (Approve the appointment of KPMG LLP as Independent Auditors for the Year Ending December 31, 2007)

For	Against	Broker Non-Votes	Abstain/Withheld
33,294,684	38,607		3,537

Proposal No. 4 (Stockholder proposal relating to declassification of the Board of Directors)

For	Against	Broker Non-Votes	Abstain/Withheld
17,018,343	108,474	7,180,472	9,029,539

* Pursuant to a voting agreement with the holders of our Class C Common Stock, Mr. Sheridan was designated to serve as a director by one of our principal stockholders, BA Capital Company, L.P. (BA Capital). The holders of our Class C Common Stock, voting as a single class, are obligated under the voting agreement to elect Mr. Sheridan to the board. The holders of our Class A Common Stock are not entitled to vote for the BA Capital director designee.

Item 5. *Other Information*

Not applicable.

Item 6. ***Exhibits***

31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CUMULUS MEDIA INC.

Date: August 09, 2007

By: /s/ Martin R. Gausvik
Martin R. Gausvik
Executive Vice President, Treasurer and
Chief Financial Officer

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EXHIBIT INDEX

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