CUMULUS MEDIA INC
Form 10-Q
May 09, 2008

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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 MARCH 31, 2008.

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.)*
3280 Peachtree Road N.W., Suite 2300, 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, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company 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 April 30, 2008, the registrant had outstanding 43,956,780 shares of common stock consisting of (i) 37,502,718 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)

	March 31, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 30,037	$ 32,286
Accounts receivable, less allowance for doubtful accounts of $1,762 and $1,839, in 2008 and 2007, respectively	46,874	52,496
Prepaid expenses and other current assets	5,752	5,835
Total current assets	82,663	90,617
Property and equipment, net	61,436	61,735
Intangible assets, net	783,683	783,638
Goodwill	98,300	98,300
Investment in affiliate	22,003	22,252
Other assets	4,589	4,000
Total assets	$ 1,052,674	$ 1,060,542
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 19,049	$ 23,916
Current portion of long-term debt	7,400	13,490
Total current liabilities	26,449	37,406
Long-term debt	720,960	722,810
Other liabilities	29,673	18,158
Deferred income taxes	159,333	162,890
Total liabilities	936,415	941,264
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 Preferred Stock due 2009, stated value $1,000 per share, 0 shares issued and outstanding in both 2008 and 2007; and 12,000 shares designated as 12% Series B Cumulative Preferred Stock, stated value $10,000 per share, 0 shares issued and outstanding in both 2008 and 2007		
Class A common stock, par value $.01 per share; 100,000,000 shares authorized; 59,572,592 and 59,468,086 shares issued, 37,505,565 and	596	595

37,101,154 shares outstanding, in 2008 and 2007, respectively		
Class B common stock, par value $.01 per share; 20,000,000 shares authorized; 5,809,191 shares issued and outstanding in both 2008 and 2007	58	58
Class C common stock, par value $.01 per share; 30,000,000 shares authorized; 644,871 shares issued and outstanding in both 2008 and 2007	6	6
Class A Treasury stock, at cost, 22,067,027 and 22,366,932 shares in 2008 and 2007, respectively	(263,377)	(267,084)
Accumulated other comprehensive income	3,807	4,800
Additional paid-in-capital	969,773	971,267
Accumulated deficit	(594,604)	(590,364)
Total stockholders equity	116,259	119,278
Total liabilities and stockholders equity	$ 1,052,674	$ 1,060,542

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 March 31, 2008	Three Months Ended March 31, 2007
Broadcast revenues	$ 71,900	$ 71,401
Management fee revenues from affiliate	1,000	1,000
Net revenues	72,900	72,401
Operating expenses:		
Station operating expenses, excluding depreciation, amortization and LMA fees (including provision for doubtful accounts of $738 and $645 in 2008 and 2007, respectively)	51,149	51,646
Depreciation and amortization	3,111	3,871
LMA fees	180	165
Corporate general and administrative (including non-cash stock compensation of $2,021 and $2,341, in 2008 and 2007, respectively)	5,461	6,728
Costs associated with proposed merger	140	
Total operating expenses	60,041	62,410
Operating income	12,859	9,991
Nonoperating income (expense):		
Interest expense	(20,860)	(14,627)
Interest income	328	84
Other income (expense), net	18	(29)
Total nonoperating expenses net	(20,514)	(14,572)
Loss before income taxes	(7,655)	(4,581)
Income tax benefit	(3,663)	(3,587)
Equity loss in affiliate	(248)	(819)
Net loss	$ (4,240)	$ (1,813)
Basic and diluted loss per common share:		
Basic and diluted loss per common share	$ (0.10)	$ (0.04)
Weighted average basic and diluted common shares outstanding	43,046,722	43,206,683

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)

	Three months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash flows from operating activities:		
Net (loss)	$ (4,240)	$ (1,813)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,111	3,871
Amortization of debt issuance costs	104	111
Amortization of derivative gain	(993)	
Provision for doubtful accounts	738	645
(Gain)/loss on sale of assets or stations	(6)	16
Change in the fair value of derivative instruments	11,285	1,994
Deferred income taxes	(3,557)	(3,587)
Non-cash stock compensation	2,021	2,341
Equity loss in affiliate	248	819
Changes in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	4,884	8,132
Prepaid expenses and other current assets	83	(2,657)
Accounts payable and accrued expenses	(2,096)	(1,458)
Other assets	(698)	131
Other liabilities	(159)	147
Net cash provided by operating activities	10,725	8,692
Cash flows from investing activities:		
Purchase of intangible assets	(42)	
Capital expenditures	(2,811)	(1,104)
Other	8	(13)
Net cash used in investing activities	(2,845)	(1,117)
Cash flows from financing activities:		
Repayments of borrowings from bank credit facility	(7,940)	(5,000)
Tax withholding paid on behalf of employees	(2,242)	
Proceeds from issuance of common stock	53	30
Net cash used in financing activities	(10,129)	(4,970)
Increase (decrease) in cash and cash equivalents	(2,249)	2,605
Cash and cash equivalents at beginning of period	32,286	2,392
Cash and cash equivalents at end of period	$ 30,037	$ 4,997

Non-cash operating, investing and financing activities:				
Trade revenue	$	3,232	$	3,629
Trade expense	$	3,152	$	3,642
Interest paid	$	11,444	$	13,302

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, 2007. 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 March 31, 2008 are not necessarily indicative of the results that can be expected for the entire fiscal year ending December 31, 2008.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and 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

FAS 161. In March 2008, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 161 *Disclosures about Derivative Instruments and Hedging Activities* (SFAS No. 161). The Statement changes the disclosure requirements for derivative instruments and hedging activities. SFAS No. 161 will require entities to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows.

SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company is currently evaluating the impact that SFAS No. 161 will have on its consolidated financial statements.

2. Share-Based Compensation

On February 8, 2008, the Compensation Committee of the Board of Directors granted 320,000 restricted shares of its Class A Common Stock to Mr. L. Dickey, the Company s Chief Executive Officer. The restricted shares were granted pursuant to Mr. L. Dickey s Third Amended and Restated Employment Agreement and are comprised of 160,000 shares of time-vested restricted Class A common stock which were previously accounted for in December 2006, as a result of the shares being effectively awarded at that time, and 160,000 performance vested restricted shares. Vesting of performance restricted shares is dependent upon achievement of compensation committee-approved criteria for the three-year period beginning on January 1 of the fiscal year of the date of grant.

3. Derivative Financial Instruments

The Company accounts for derivative financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This Statement requires the Company to recognize all derivatives on the balance sheet at fair value. Derivative value changes are recorded in income for any contracts not classified as qualifying hedging instruments. For derivatives qualifying as cash flow hedge instruments, the effective portion of the derivative fair value change must be recorded through other comprehensive income, a component of stockholders equity.

In May 2005, Cumulus entered into a forward-starting LIBOR-based interest rate swap arrangement (the May 2005 Swap) to manage fluctuations in cash flows resulting from interest rate risk attributable to changes in the benchmark interest rate of LIBOR. The May 2005 Swap became effective as of March 13, 2006, the end of the term of the Company s prior swap, and will expire on March 13, 2009, unless extended pursuant to its terms. The May 2005 Swap changes the variable-rate cash flow exposure on $400 million of the Company s long-term bank borrowings to fixed-rate cash flows. Under the May 2005 Swap, Cumulus receives LIBOR-based variable interest rate payments and makes fixed interest rate payments, thereby creating fixed-rate long-term debt. The May 2005 Swap was previously accounted for as a qualifying cash flow hedge of the future variable rate interest payments in accordance with SFAS No. 133. Starting in June 2006, the May 2005 Swap no longer qualified as a cash-flow hedging instrument. Accordingly, the changes in its fair value have since been reflected in the statement of operations instead of the accumulated other comprehensive income. Interest expense for the three months ended March 31, 2008 and 2007 includes charges of $6.4 and $2.0 million, respectively, related to the change in fair value.

The fair value of the May 2005 Swap is determined periodically by obtaining quotations from Bank of America, the financial institution that is the counterparty to the Company s swap arrangement. The fair value represents an estimate of the net amount that Cumulus would receive if the agreement was transferred to another party or cancelled as of the date of the valuation. The balance sheets as of March 31, 2008 and December 31, 2007 reflect other long-term liabilities of $6.8 million and $0.4 million, respectively, to reflect the fair value of the May 2005 Swap. During the three-month period ended March 31, 2008 and 2007, $0.9 million and $1.3 million, respectively, were reported as reduction of interest expense, which represents yield adjustments on the hedged obligation.

In May 2005, Cumulus also entered into an interest rate option agreement (the May 2005 Option), which provides for Bank of America to unilaterally extend the period of the swap for two additional years, from March 13, 2009 through March 13, 2011. This option may only be exercised in March of 2009. This instrument is not highly effective in mitigating the risks in cash flows, and therefore is deemed speculative and its changes in value are accounted for as a current element of non-operating results. The balance sheets as of March 31, 2008 and December 31, 2007 reflect other long-term liabilities of $9.3 million and $4.4 million, respectively, to reflect the fair value of the May 2005 Option. During the three-month period ended March 31, 2008 and 2007, the company reported $4.9 million and $0.0 million of interest expense representing the change in fair value of the May 2005 option.

4. Acquisitions and Dispositions

Acquisitions

At March 31, 2008 and 2007 the Company operated seven and four stations, respectively, under local marketing agreements (LMAs) pending FCC approval of acquisition. The consolidated statements of operations for the three months ended March 31, 2008 and 2007 include the revenue and broadcast operating expenses related to seven and four radio stations and any related fees associated with the LMAs.

5. Investment in Affiliate

The Company s investment in Cumulus Media Partners, LLC (CMP) is accounted for under the equity method. For the three months ended March 31, 2008 and, 2007, the Company recorded approximately $0.2 million and $0.8 million as equity losses in affiliate , respectively. For each of the three month periods ended March 31, 2008 and 2007, the affiliate generated revenues of $46.9 and $48.8 million, operating expense of $28.2 and $28.9 million and net income and loss of $0.6 million and $2.0 million, respectively.

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 personnel 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 months ended March 31, 2008 and 2007, the Company recorded as net revenues approximately $1.0 million, respectively, in management fees from CMP.

6. Long-Term Debt

The Company s long-term debt consisted of the following at March 31, 2008 and December 31, 2007 (dollars in thousands):

	March 31, 2008	December 31, 2007
Term loan	$728,360	$736,300
Less: Current portion of long-term debt	7,400	13,490
	$720,960	$722,810

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On June 11, 2007, we entered into an amendment to our 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 Credit Agreement. The Company s obligations under the 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.). In addition, the Company s obligations under the Credit Agreement are guaranteed by certain of its subsidiaries.

The 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 has been decreasing in equal quarterly installments since September 30, 2007, with 0.25% of the then current aggregate principal 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 term facility 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 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 March 31, 2008, prior to the effect of the May 2005 Swap, the effective interest rate of the outstanding borrowings pursuant to the credit facility was approximately 4.77%. As of March 31, 2008, the effective interest rate inclusive of the May 2005 Swap was 5.27%.

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 Credit Agreement) and upon the sale of certain assets.

The representations, covenants and events of default in the Credit Agreement are customary for financing transactions of this nature. Events of default in the 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 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 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 Credit Agreement and the ancillary loan documents as a secured party. As of March 31, 2008, the Company was in compliance with all financial and non-financial covenants.

7. Share Repurchases

On September 28, 2004, the Company announced that its Board of Directors had authorized the repurchase, from time to time, of up to $100.0 million of the Company s Class A Common Stock, subject to the terms of the Company s then-existing credit agreement. Subsequently, on December 7, 2005, the Company announced that its Board had authorized the purchase of up to an additional $100.0 million of the Company s Class A Common Stock. During the three months ended March 31, 2008 and 2007, the Company did not repurchase any shares of its Class A Common Stock in the open market. The Company has authority to repurchase an additional $57.0 million of its Class A Common Stock.

8. Earnings per Share

The following table sets forth the computation of basic and diluted loss per share for the three-month periods ended March 31, 2008 and 2007 (dollars in thousands, except per share data):

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	Three Months Ended March 31, 2008	2007
Numerator:		
Net loss	$ (4,240)	$ (1,813)
Denominator:		
Denominator for basic loss per common share:		
Weighted average common shares outstanding	43,047	43,207
Effect of dilutive securities:		
Options		
Restricted Shares		
Shares applicable to basic and diluted loss per common share	43,047	43,207
Basic and diluted loss per common share	$ (0.10)	$ (0.04)

The Company has issued restricted shares and options to key executives and employees to purchase shares of common stock as part of the Company s stock compensation plans. At March 31, 2008, there were restricted shares granted and options issued and outstanding to purchase the following classes of common stock:

	2008
Restricted shares of Class A Common Stock	850,313
Options to purchase Class A Common Stock	7,096,399
Options to purchase Class C Common Stock	1,500,690

9. Comprehensive Income

SFAS No. 130, *Reporting Comprehensive Income,* establishes standards for reporting comprehensive income. Comprehensive income includes net income (loss) 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 components of comprehensive income are as follows (dollars in thousands):

	Three Months Ended March 31, 2008	2007
Net loss	$ (4,240)	$ (1,813)
Yield adjustment interest rate swap arrangement	(993)	
Comprehensive loss	$ (5,233)	$ (1,813)

10. Commitments and Contingencies

The contract with Katz, our national advertising agency, 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 $7.6 million as of March 31, 2008 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.

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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 aware of three purported class action lawsuits related to the merger (See Note 11): Jeff Michelson, on behalf of himself and all others similarly situated v. Cumulus Media Inc., et al. (Case No. 2007CV137612, filed July 27, 2007) was filed in the Superior Court of Fulton County, Georgia against the Company Lew Dickey, the other directors and the sponsor; Patricia D. Merna, on behalf of herself and all others similarly situated v. Cumulus Media Inc., et al. (Case No. 3151, filed August 8, 2007) was filed in the Chancery Court for the State of Delaware, New Castle County, against the Company, Lew Dickey, the other directors, the sponsor, Parent and Merger Sub; and Paul Cowles v. Cumulus Media Inc., et al. (Case No. 2007-CV-139323, filed August 31, 2007) was filed in the Superior Court of Fulton County, Georgia against the Company, Lew Dickey, the other directors and the sponsor.

The complaints in each of these lawsuits allege, among other things, that the merger is the product of an unfair process, that the consideration to be paid to the Company s stockholders pursuant to 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 (and Parent and Merger Sub) aided and abetted the actions of the Company s directors in breaching such fiduciary duties. The complaints seek, among other relief, an injunction preventing completion of the merger.

The Company believes that it has committed no breaches of fiduciary duties, disclosure violations or any other breaches or violations whatsoever, including in connection with the merger, the merger agreement or the proxy statement filed in connection with the merger. In addition, the Company has been advised that the other defendants named in the complaints similarly believe the allegations of wrongdoing in the complaints to be without merit, and deny any breach of duty to or other wrongdoing with respect to the purported plaintiff classes.

In order to resolve one of the lawsuits, the Company has reached an agreement along with the individual defendants in that lawsuit, without admitting any wrongdoing, pursuant to a memorandum of understanding dated November 13, 2007, to extend the statutory period in which holders of our common stock may exercise their appraisal rights and to make certain further disclosures in the proxy statement filed in connection with the merger as requested by counsel for the plaintiff in that litigation. The parties have completed confirmatory discovery and anticipate that they will cooperate in seeking dismissal of the lawsuit. Such dismissal, including an anticipated request by plaintiff s counsel for attorneys fees, will be subject to court approval. The Company intends to vigorously defend the remaining two lawsuits.

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. Cumulus is not a party to any lawsuit or proceeding which, in management s opinion, is likely to have a material adverse effect.

11. Merger

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.

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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.

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

The following discussion of our consolidated financial condition and results of operations should be read in conjunction with our unaudited 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. Risks and uncertainties that may effect forward-looking statements in this document include, without limitation, 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 March 31, 2008, we owned and operated 307 stations in 56 U.S. markets and provided sales and marketing services under local marketing, management and consulting agreements to seven stations in three 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. As of March 31, 2008 CMP owned and operated 32 radio stations in 9 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. Upon completion of all the Company s pending acquisitions, we, directly and through our investment in CMP, will own or operate a total of 339 radio stations in 65 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 three months ended March 31, 2008 and 2007, approximately 88.9% and 88.3% 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, our revenues and operating income are typically lowest in the first quarter and are relatively level in the other quarters, 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

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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 Consolidated Statements of Operations. The following analysis of selected data from the Company s consolidated statements of operations and other supplementary data should be referred to while reading the results of operations discussion that follows (dollars in thousands):

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007	Dollar Change 2008 vs. 2007	Percent Change 2008 vs. 2007
STATEMENT OF OPERATIONS DATA:				
Net revenues	$ 72,900	$ 72,401	$ 499	0.7%
Station operating expenses excluding depreciation, amortization and LMA fees	51,149	51,646	(497)	-1.0%
Corporate general and administrative (including non-cash stock compensation expense)	5,461	6,728	(1,267)	-18.8%
Depreciation and amortization	3,111	3,871	(760)	-19.6%
LMA fees	180	165	15	9.1%
Costs associated with proposed merger	140		140	100.0%
Operating income	12,859	9,991	2,868	28.7%
Interest expense, net	20,532	14,543	5,989	41.2%
Other income (expense), net	18	(29)	(47)	-162.1%
Income tax benefit	(3,663)	(3,587)	76	2.1%
Equity in loss of affiliate	(248)	(819)	(571)	-69.7%
Net loss	(4,240)	(1,813)	(2,427)	133.9%
OTHER DATA:				
Station operating income (1)	$ 21,751	$ 20,755	$ 996	4.8%
Station operating income margin (2)	29.8%	28.7%		
Cash flows related to:				
Operating activities	10,725	8,692	2,033	23.4%
Investing activities	(2,845)	(1,117)	1,728	154.7%
Financing activities	(10,129)	(4,970)	5,159	103.8%

(1) Station operating income is defined as operating income before

depreciation and amortization, LMA fees, corporate general and administrative expenses, costs associated with the proposed merger and non-cash stock compensation. Station operating income should not be considered in isolation or as a substitute for net income, operating income, 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 March 31, 2008 versus the Three Months Ended March 31, 2007

Net Revenues. Net revenues increased slightly by $0.5 million, or 0.7% to $72.9 million for the three months ended March 31, 2008 from $72.4 million for the three months ended March 31, 2007 primarily due an increase in local advertising partially offset by a decline in national advertising.

Station Operating Expenses, Excluding Depreciation, Amortization and LMA Fees. Station operating expenses excluding depreciation, amortization and LMA fees decreased $0.5 million, or 1.0%, to $51.1 million for the three months ended March 31, 2008 from $51.6 million for the three months ended March 31, 2007. This decrease was primarily attributable to general decreases in operating expenses across our station platform.

The provision for doubtful accounts was $0.7 million for the three months ended March 31, 2008 as compared to $0.6 million during the three months ended March 31, 2007. As a percentage of net revenues, the provision for doubtful accounts was 1.0% for the

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three months ended March 31, 2008 and 0.9% in the three months ended March 31, 2007.

Depreciation and Amortization. Depreciation and amortization decreased $0.8 million, or 19.6%, to $3.1 million for the three months ended March 31, 2008 compared to $3.9 million for the three months ended March 31, 2007. This decrease was primarily attributable to recorded assets being fully depreciated.

LMA Fees. LMA fees totaled $0.2 million for the three months ended March 31, 2008 and were comprised primarily of fees associated with stations operated under LMAs in Vinton, Iowa, and Battle Creek and Ann Arbor, Michigan.

Corporate, General and Administrative Expenses. Corporate, general and administrative expenses decreased $1.3 million, or 18.8%, to $5.4 million for the three months ended March 31, 2008 compared to $6.7 million for the three months ended March 31, 2007. This decrease is primarily attributable to the reduction and timing of certain expenses and a $0.3 million reduction in non-cash stock compensation.

Non-operating Income (Expense). Interest expense, net of interest income, increased by $6.0 million to $20.5 million for the three months ended March 31, 2008 compared to $14.5 million for the three months ended March 31, 2007. Net interest expense associated with outstanding debt decreased by $2.3 million to $10.1 million as compared to $12.4 million in the prior year s period. This decrease was due to a lower average cost of bank debt and decreased levels of bank debt outstanding during the current quarter. The net $8.3 million increase was primarily due to the change in the fair value, amortization and interest rate yield of certain derivative instruments.

	Three Months Ended March 31, 2008	**Three Months Ended March 31, 2007**	**Dollar Change 2008 vs. 2007**	**Percent Change 2008 vs. 2007**
Bank Borrowings term loan and revolving credit facilities	$10,255	$ 13,712	$(3,457)	-25.2%
Bank Borrowings yield adjustment interest rate swap arrangement net	(884)	(1,340)	454	33.9%
Change in fair value of interest rate swap agreement	6,389	2,020	4,369	-216.3%
Change in fair value of interest rate option agreement	4,896	(26)	4,922	18930.8%
Other interest expense	204	261	(57)	-21.8%
Interest income	(328)	(84)	(242)	-288.1%
Interest expense, net	$20,532	$ 14,543	$ 5,989	41.2%

Income Taxes For the three months ended March 31, 2008, the Company recorded an income tax benefit of $3.7 million, as compared to a $3.6 million benefit during the first quarter of 2007.

Station Operating Income. As a result of the factors described above, station operating income increased $1.0 million, or 4.8%, to $21.8 million for the three months ended March 31, 2008 compared to $20.8 million for the three months ended March 31, 2007. Station Operating Income consists of operating income before depreciation and amortization, LMA fees, corporate general and administrative expenses, cost associated with the proposed merger and non-cash stock compensation. Station operating income is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States (GAAP). Station operating income isolates the amount of income generated solely by our stations and assists management in evaluating the earnings potential of our station portfolio. In deriving this measure, we exclude depreciation and amortization due to the insignificant investment in tangible assets required to operate the 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 exclude proposed merger costs due to the temporary nature of such fees. 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 as it does not represent an actual cash obligation.

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 one of the measures 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

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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 consolidated statements of operations (the most directly comparable financial measure calculated and presented in accordance with GAAP, (dollars in thousands):

	Three months ended March 31,	
	2008	**2007**
Operating income	$12,859	$ 9,991
Corporate general and administrative	5,461	6,728
Depreciation and amortization	3,111	3,871
LMA fees	180	165
Costs associated with proposed merger	140	
Station operating income	$21,751	$20,755

Intangible Assets. Intangible assets, net of amortization, were $882.0 million as of March 31, 2008 and December 31, 2007, respectively. These intangible asset balances primarily consist of broadcast licenses and goodwill. 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 acquisitions, interest and debt service payments, working capital needs and capital expenditures. We believe that our current 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 future acquisitions, operations and debt service. However, our cash flows from operations are 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 three months ended March 31, 2008, net cash provided by operating activities increased $2.0 million to $10.7 million from net cash provided by operating activities of $8.7 million for the three months ended March 31, 2007. The increase was primarily attributable to a $9.3 million increase in the change in fair value of the derivative, a $2.7 million increase in pre-paid expenses and other current assets offset by a $3.2 million decrease in accounts receivable, with the remaining decrease related to the net change in the remaining operating activities.

For the three months ended March 31, 2008, net cash used in investing activities increased $1.7 million to $2.8 million from net cash used in investing activities of $1.1 million for the three months ended March 31, 2007. This increase was primarily associated with a $1.7 million increase in capital expenditures.

For the three months ended March 31, 2008, net cash used in financing activities increased $5.1 million to $10.1 million from net cash used in financing activities of $5.0 million during the three months ended March 31, 2007. Net cash used during the current period was primarily attributable to an increase of $2.9 million related to the repayment of bank borrowings and $2.2 million tax withholding paid on behalf of employees.

Credit Agreement

On June 11, 2007, we entered into an amendment to our 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 Credit Agreement.

The 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 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.). In addition, our obligations under the Credit Agreement are guaranteed by certain of our subsidiaries.

The 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 our option, the commitment will remain unchanged up to that date.

Borrowings under the replacement term loan facility 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 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 March 31, 2008, prior to the effect of the May 2005 Swap the effective interest rate of the outstanding borrowings pursuant to the credit facility was approximately 4.77%. As of March 31, 2008, the effective interest rate inclusive of the May 2005 Swap was 5.27%.

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 Credit Agreement) and upon the sale of certain assets.

The representations, covenants and events of default in the Credit Agreement are customary for financing transactions of this nature. Events of default in the 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 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 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 Credit Agreement and the ancillary loan documents as a secured party. As of March 31, 2008, we were in compliance with all financial and non-financial covenants.

As previously disclosed, pursuant to the merger agreement relating to our pending acquisition (see Note 11) we agreed, upon the request of the buying group, to use our reasonable best efforts to enter into an amendment to the Credit Agreement to permit the consummation of the merger and the other transactions contemplated by the merger agreement. Accordingly, on March 13, 2008, we entered into a second amendment to the Credit Agreement that, among other things, would modify certain definitions, covenants and other provisions in the Credit Agreement. The provisions in the amendment would only take effect if we issue a written notice to the administrative agent specifying that the amendments take effect, which we may only do on the date of the consummation, or substantial consummation, of the transactions contemplated by the merger agreement.

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

At March 31, 2008, 45.1% 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 approximately $1.8 million for the three months ended March 31, 2008. 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 $328.4 million of borrowings outstanding at March 31, 2008 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 approximately $0.8 million for the three months ended March 31, 2008.

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In the event of an adverse change in interest rates, management would likely take actions, in addition to the interest rate swap agreement 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 we are required to disclose in reports that we file or submit under the Securities Exchange Act of 1934 (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Such disclosure controls and procedures are designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chairman, President and Chief Executive Officer (CEO) and Executive Vice President, Treasurer and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. 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 CEO and CFO, of the effectiveness of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded our disclosure controls and procedures were effective as of March 31, 2008.

There have been no 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.

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PART II. OTHER INFORMATION

Item 1. ***Legal Proceedings***

From time to time, we are 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, our management does not believe, based upon currently available facts, that the ultimate resolution of any such proceedings would have a material adverse effect on our overall financial condition or results of operations.

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

Not applicable.

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***

Not applicable.

Item 5. ***Other Information***

Not applicable.

Item 6. ***Exhibits***

10.1 Amendment No. 2 to Credit Agreement, dated as of March 13, 2008, among Cumulus Media Inc., the Lenders party thereto, and Bank of America, N.A., as Administrative Agent.

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.

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: May 8, 2008	By: /s/ Martin R. Gausvik Executive Vice President, Treasurer and Chief Financial Officer

EXHIBIT INDEX

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