

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

CUMULUS MEDIA INC
Form DEFM14A
February 28, 2002

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES

EXCHANGE ACT OF 1934 (AMENDMENT NO. 1)

Filed by the Registrant [X]

Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12
- [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e) (2))

CUMULUS MEDIA INC.

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- [] No fee required.
- [X] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Class A Common Stock, Class B Common Stock and Warrants to purchase shares of Class A Common Stock or Class B Common Stock.

(2) Aggregate number of securities to which transaction applies:

6,820,034 shares of Class A Common Stock, 8,981,148 shares of Class B Common Stock and Warrants to purchase 1,083,333 shares of Common Stock.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

filing fee is calculated and state how it was determined):

The underlying transaction value on which the filing fee is calculated is comprised of the following: (i) \$114,000,000 in cash, (ii) 6,820,034 shares of Class A Common Stock having a value of \$97,662,887, based upon the average trading price on January 22, 2002, (iii) 8,981,148 shares of Class B Common Stock having a value of \$128,610,039, based upon the average trading price of the Class A Common Stock on January 22, 2002, and (iv) warrants to purchase an aggregate of 1,083,333 shares of common stock, which, based upon an exercise price of \$12.00 per share and the average trading price of the Class A Common Stock on January 22, 2002, would have a net value of \$2,513,333.

(4) Proposed maximum aggregate value of transaction:

\$342,786,259

(5) Total fee paid:

\$31,536

[X] Fee paid previously with preliminary materials.

[] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Cumulus Logo

CUMULUS MEDIA INC.

3535 PIEDMONT ROAD
BUILDING 14, FOURTEENTH FLOOR
ATLANTA, GEORGIA 30305

Dear Shareholder:

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

You are cordially invited to attend a special meeting of shareholders of Cumulus Media Inc., which will be held on Thursday, March 28, 2002, at 10:00 a.m., local time, at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia 30305. A notice of the special meeting, form of proxy and a proxy statement are enclosed.

At the special meeting, you will be asked to consider and vote upon proposals to approve the following matters:

1. the acquisition of Aurora Communications, LLC, which involves the issuance of shares of our Class A Common Stock, shares of our non-voting Class B Common Stock and warrants to purchase shares of Class A Common Stock and Class B Common Stock, and the payment of cash, in exchange for all of the outstanding membership interests in Aurora Communications; and

2. the acquisition of the broadcasting operations of DBBC, L.L.C., which involves the issuance of shares of our Class A Common Stock and a warrant to purchase shares of our Class A Common Stock, and the assumption of specified liabilities of DBBC and the payment of certain expenses, in exchange for substantially all of the assets of DBBC.

Pursuant to the rules of The Nasdaq Stock Market, approval of the proposed acquisitions requires the affirmative vote of a majority of the votes cast at the meeting by holders of our Class A Common Stock and Class C Common Stock, voting together as a single class. Only shareholders who own shares of our Class A Common Stock or our Class C Common Stock at the close of business on February 25, 2002 will be entitled to vote at the special meeting.

Your board of directors has unanimously approved the proposals and recommends that you vote for each proposal, which are described in more detail in the accompanying proxy statement.

Our acquisition of Aurora Communications and our acquisition of the broadcasting operations of DBBC are independent of each other. Therefore, the inability to obtain shareholder approval of one acquisition will not affect our ability to consummate the other acquisition.

The accompanying proxy statement provides detailed information about Cumulus Media, Aurora Communications and DBBC, and the interests of various parties involved in the transactions, as well as about the transactions and the items to be voted upon by you. Please give all of this information your careful attention. Your vote is very important regardless of the number of shares you own. To vote your shares, you may use the enclosed proxy card or attend the special meeting in person.

Very truly yours,

/s/ Lewis W. Dickey, Jr.
Lewis W. Dickey, Jr.
Chairman, President and
Chief Executive Officer

February 27, 2002

Cumulus Logo

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

CUMULUS MEDIA INC.
3535 PIEDMONT ROAD
BUILDING 14, FOURTEENTH FLOOR
ATLANTA, GEORGIA 30305

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 28, 2002

To the Shareholders of Cumulus Media Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Cumulus Media Inc. will be held on Thursday, March 28, 2002 at 10:00 a.m., local time, at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia 30305 for the following purposes:

1. to approve the acquisition of Aurora Communications, LLC, which involves the issuance of (i) shares of our Class A Common Stock, (ii) shares of our Class B Common Stock, which may be converted into shares of Class A Common Stock on a one-for-one basis, and (iii) warrants exercisable for a period of one year from the date of issuance to purchase shares of our Class A Common Stock or shares of our Class B Common Stock, and the payment of cash, in exchange for all of the outstanding membership interests in Aurora Communications;

2. to approve the acquisition of the broadcasting operations of DBBC, L.L.C., which involves the issuance of shares of our Class A Common Stock and a warrant exercisable for a period of six months from the date of issuance to purchase shares of our Class A Common Stock, and the assumption of specified liabilities of DBBC and the payment of certain expenses, in exchange for substantially all of the assets of DBBC; and

3. to transact such other business as may properly come before the special meeting or any adjournments or postponements of that meeting,

The items to be voted upon are more fully described in the proxy statement accompanying this notice, which we urge you to read carefully.

Holders of record of issued and outstanding shares of Class A Common Stock and Class C Common Stock of Cumulus Media at the close of business on February 25, 2002 are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof. A list of those shareholders will be open for examination by any shareholder at the special meeting.

By order of the Board of Directors

/s/ Lewis W. Dickey, Jr.
Lewis W. Dickey, Jr.
Chairman, President and
Chief Executive Officer

February 27, 2002

YOUR VOTE IS VERY IMPORTANT TO US. A PROXY CARD IS CONTAINED IN THE

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

ENVELOPE IN WHICH THIS PROXY STATEMENT WAS MAILED. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU ARE ENCOURAGED TO VOTE ON THE MATTERS TO BE CONSIDERED AT THE SPECIAL MEETING, AND COMPLETE, SIGN AND DATE THE PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

CUMULUS MEDIA INC.
3535 PIEDMONT ROAD
BUILDING 14, FOURTEENTH FLOOR
ATLANTA, GEORGIA 30305

PROXY STATEMENT -----

SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 28, 2002

This proxy statement is being furnished to the holders of Class A Common Stock and of Class C Common Stock of Cumulus Media Inc. in connection with the solicitation by our Board of Directors of proxies to be used at a special meeting of shareholders to be held on Thursday, March 28, 2002, at 10:00 a.m., local time, at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia 30305, and at any adjournments or postponements of that meeting. The date of this proxy statement is February 27, 2002, and this proxy statement, the notice of special meeting of shareholders and the enclosed proxy card are first being mailed to our shareholders on or about February 28, 2002.

The special meeting has been called to consider and vote upon proposals to approve the following two transactions:

1. the acquisition of all of the membership interests of Aurora Communications, LLC, which owns and operates 18 radio stations in Connecticut and New York, referred to as the Aurora acquisition, and
2. the acquisition of the broadcasting operations of DBBC, L.L.C., which consist of three radio stations in the Nashville, Tennessee market, referred to as the DBBC acquisition.

The Aurora acquisition involves the issuance to the owners of Aurora Communications of (a) 10,551,182 shares of our common stock, consisting of approximately 1,570,034 shares of our Class A Common Stock, and approximately 8,981,148 shares of our non-voting Class B Common Stock, which may be converted into shares of Class A Common Stock on a one-for-one basis, and (b) warrants to purchase up to an aggregate of 833,333 shares of our common stock, consisting of warrants for approximately 124,000 shares of Class A Common Stock and approximately 709,333 shares of Class A Common Stock or Class B Common Stock, and the payment of \$93 million in cash, most of which will be used to retire existing indebtedness of Aurora Communications and the balance of which will be paid to some of the owners of Aurora Communications.

The DBBC acquisition involves the issuance to DBBC of (a) 5,250,000 shares of our Class A Common Stock and (b) a warrant to purchase up to 250,000 shares of Class A Common Stock, and the assumption of specified liabilities of DBBC and the payment of certain expenses, up to an aggregate of \$21 million.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Our acquisition of Aurora Communications and our acquisition of the broadcasting operations of DBBC are independent of each other. Therefore, the inability to obtain shareholder approval of one acquisition will not affect our ability to consummate the other acquisition.

The number of shares of Class A Common Stock, or securities convertible into Class A Common Stock, that we will issue in connection with the Aurora acquisition and the DBBC acquisition will, in each case, exceed 5% of our currently outstanding Class A Common Stock. In addition, one of our principal shareholders and one of our directors are affiliated with a principal equity owner of Aurora Communications, and two of our directors, including our Chairman, President and Chief Executive Officer, and one other executive officer, have a financial interest in DBBC. As a result, under the rules of The Nasdaq Stock Market, the acquisitions must be approved by the affirmative vote of a majority of the votes cast at the special meeting.

Our Board believes that the Aurora acquisition and the DBBC acquisition are fair to, and in the best interests of, all of our shareholders, and recommends that the shareholders approve all of the proposals being submitted at the special meeting.

TABLE OF CONTENTS

Questions and Answers About the Proposals.....	1
Summary.....	3
The Parties.....	3
The Special Meeting.....	3
The Aurora Acquisition.....	4
The DBBC Acquisition.....	10
Financing of the Acquisitions.....	14
Selected Historical Financial Data of Cumulus Media.....	15
Unaudited Selected Pro Forma Condensed Combined Financial Data.....	17
Comparative Per Share Data.....	19
Information Regarding the Special Meeting.....	20
Date, Time and Place of the Special Meeting.....	20
Purpose of the Special Meeting.....	20
Record Date; Quorum; Outstanding Common Stock Entitled to Vote.....	20
Voting Rights; Vote Required.....	20
Voting and Revocation of Proxies.....	21
Solicitation of Proxies.....	21
Other Matters.....	21
The Aurora Acquisition.....	22
Background.....	22
Recommendation of the Board of Directors.....	25
Reasons for the Aurora Acquisition.....	25
Opinion of Greenbridge Partners LLC.....	26
Interests of a Director and Principal Shareholder of Cumulus Media in the Aurora Acquisition.....	34
Accounting Treatment of the Aurora Acquisition.....	35
Governmental and Regulatory Approvals.....	35
Absence of Appraisal Rights.....	36
The Aurora Acquisition Agreement.....	36
Structure of the Aurora Acquisition.....	36
The Mergers.....	38
The Purchase and Sale of Remaining Membership Interests.....	38

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Consent by the FCC.....	38
Conditions to the Completion of the Aurora Acquisition.....	38
Representations and Warranties.....	40
Certain Covenants.....	42
Termination.....	47
Indemnification.....	48
Terms of the Class B Common Stock.....	50
Other Aurora Acquisition Matters.....	52
The Pre-Closing Escrow Agreement and the Effect of Termination.....	52
The Closing Escrow Agreement.....	53
The Registration Rights Agreement.....	53
The Shareholder Agreement; Restrictions on the Shares of Class B Common Stock.....	54

i

The Voting Agreement.....	55
Prior Notice of Share Transfers by BACI.....	55
Non-Competition Agreements.....	55
The Warrants to Purchase Common Stock.....	56
Information Regarding Aurora Communications.....	56
Business of Aurora Communications.....	56
Selected Historical Consolidated Financial Data of Aurora Communications.....	58
Management's Discussion and Analysis of Financial Condition and Results of Operations of Aurora Communications.....	59
The DBBC Acquisition.....	63
Background.....	63
Recommendations of the Special Committee and the Board of Directors.....	65
Reasons for the DBBC Acquisition.....	65
Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc.....	66
Interests of Executive Officers and Directors of Cumulus Media in the DBBC Acquisition.....	71
Accounting Treatment of the DBBC Acquisition.....	72
Governmental and Regulatory Approvals.....	72
Absence of Appraisal Rights.....	72
The DBBC Acquisition Agreement.....	73
Structure of the DBBC Acquisition.....	73
Consent by the FCC.....	74
Conditions to the Completion of the DBBC Acquisition...	74
Representations and Warranties.....	75
Action Prior to the Effective Time.....	76
Termination.....	77
Indemnification.....	78
Other DBBC Acquisition Matters.....	79
The Escrow Agreement.....	79
The Registration Rights Agreement.....	79
The Warrant to Purchase Common Stock.....	80
Exercise of Option to Purchase Certain Real Property...	80
The Voting Agreement.....	80
Information Regarding DBBC.....	81
Business of DBBC.....	81

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Selected Historical Financial Data of DBBC.....	81
Management's Discussion and Analysis of Financial Condition and Results of Operations of DBBC.....	83
Financing of the Acquisitions.....	88
Security Ownership of Cumulus Media's Common Stock.....	93
Shareholders' Proposals.....	96
Where You Can Find More Information.....	96
Index To Unaudited Pro Forma Combined Financial Statements.....	P-1
Index to Financial Statements.....	F-1

ii

Appendix A -- Aurora Acquisition Agreement, as amended.....	A-1
Appendix B-1 -- Fairness Opinion of Greenbridge Partners LLC.....	B-1-1
Appendix B-2 -- Confirmation Letter from Greenbridge Partners LLC.....	B-2-1
Appendix C -- DBBC Agreement and Plan of Merger.....	C-1
Appendix D -- Fairness Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc.....	D-1

iii

QUESTIONS AND ANSWERS ABOUT THE PROPOSALS

Q: WHAT IS HAPPENING IN THE PROPOSED TRANSACTIONS?

A: In one transaction, we will acquire all of the ownership interests in Aurora Communications, LLC. Aurora Communications owns and operates 18 radio stations in Connecticut and New York. We refer to this transaction as the Aurora acquisition.

In the other transaction, we will acquire substantially all of the assets (and assume specified liabilities and pay certain expenses) of DBBC, L.L.C. DBBC owns three radio stations in the Nashville, Tennessee market. We refer to this transaction as the DBBC acquisition.

Q: WHO IS ENTITLED TO VOTE AT THE SPECIAL MEETING?

A: Only shareholders of record of our Class A Common Stock and of our Class C Common Stock at the close of business on the record date, February 25, 2002, are entitled to receive notice of the special meeting and to vote the shares of common stock that they held on that date at the special meeting, or any postponements or adjournments of the special meeting. In this proxy statement we refer to shareholders entitled to vote at the special meeting as the shareholders or you.

Q: WHAT AM I BEING ASKED TO VOTE ON?

A: You are being asked to vote on the following proposals:

- (1) approval of the Aurora acquisition, which includes approving the issuance of shares of our common stock and warrants to purchase shares

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

of our common stock, and the payment of cash, in exchange for all of the ownership interests in Aurora Communications; and

- (2) approval of the DBBC acquisition, which includes approving the issuance of shares of our common stock and a warrant to purchase shares of our common stock, and the assumption of specified liabilities of DBBC and the payment of certain expenses, in exchange for substantially all of the assets of DBBC.

Q: WHEN AND WHERE IS THE SPECIAL MEETING BEING HELD?

A: The special meeting will be held on Thursday, March 28, 2002 at 10:00 a.m., local time, at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia 30305.

Q: WHY AM I BEING ASKED TO VOTE ON THE PROPOSALS?

A: The rules of The Nasdaq Stock Market require your approval for the issuance of shares of our common stock and the warrants, in connection with both the Aurora acquisition and the DBBC acquisition.

In addition, each of the agreements relating to the Aurora acquisition and the DBBC acquisition requires that the Aurora acquisition or the DBBC acquisition, as the case may be, be approved by our shareholders. If we obtain shareholder approval of one acquisition but not the other acquisition, we intend to complete the acquisition that has been approved, even if we cannot complete the other.

Q: WHAT ARE THE VOTING RIGHTS OF SHAREHOLDERS?

A: Each holder of Class A Common Stock is entitled to one vote per share of Class A Common Stock owned on the record date. Each holder of Class C Common Stock is entitled to ten votes per share of Class C Common Stock owned on the record date. In accordance with our articles of incorporation, the holders of the Class A Common Stock and the Class C Common Stock will vote together as a single class.

Q: WHAT DO I NEED TO DO NOW?

A: We urge you to read this proxy statement carefully, including the appendices, consider how the transactions would affect you as a shareholder, and vote. After you read this proxy statement, you should complete, sign and date your proxy card and mail it in the enclosed return envelope as soon as possible, even if you plan to attend the special meeting in person, so that your shares may be

1

represented at the special meeting. If you sign, date and send in your proxy without indicating how you want to vote, your shares will be voted FOR approval of the Aurora acquisition and FOR approval of the DBBC acquisition.

Q: WHAT VOTES ARE NEEDED TO APPROVE THE PROPOSALS?

A: Pursuant to the rules of The Nasdaq Stock Market, approval of the Aurora acquisition and of the DBBC acquisition, in each case, requires the affirmative vote of a majority of the votes cast on the respective proposal at the special meeting. In addition, it is a condition to closing the Aurora

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

acquisition that the votes cast to approve that acquisition represent a majority of the total votes cast, excluding votes cast by the Aurora Sellers and their affiliates. On each proposal, the holders of our Class A Common Stock and our Class C Common Stock will vote together as a single class.

Lewis W. Dickey, Jr., a director and our Chairman, President and Chief Executive Officer, John W. Dickey, our Executive Vice President, and Richard W. Weening, one of our directors, and their affiliated entities, have entered into an agreement with Aurora Communications that requires them to vote their shares of Cumulus Media common stock in favor of any proposals necessary to approve the Aurora acquisition. Messrs. L. Dickey, J. Dickey and Weening, and their affiliated entities, have also entered into an agreement with DBBC that requires them to vote their shares of Cumulus Media common stock in favor of any proposals necessary to approve the DBBC acquisition.

As of December 31, 2001, those individuals and their affiliated entities held shares of common stock representing approximately 38.2% of the voting power of the Class A Common Stock and the Class C Common Stock voting together as a single class.

Q: IF MY SHARES ARE HELD IN "STREET NAME" BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: Your broker will only be permitted to vote your shares if you provide instructions to your broker on how to vote. You should follow the procedures provided by your broker regarding the voting of your shares and be sure to provide your broker with instructions on how to vote your shares.

Q: WHAT IF I WANT TO CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: You can change your vote by sending in a later-dated, signed proxy card or a written revocation to our Secretary at 3535 Piedmont Road, Building 14, Fourteenth Floor, Atlanta, Georgia 30305 so that it is received prior to the special meeting. Or you can attend the special meeting in person and vote. Your attendance at the special meeting will not, by itself, revoke your proxy. If you have instructed a broker to vote your shares, you must follow the directions received from your broker to change those voting instructions.

Q: WHAT HAPPENS IF I DO NOT VOTE MY PROXY BY MAIL, IF I DO NOT INSTRUCT MY BROKER TO VOTE MY SHARES OR IF I ABSTAIN FROM VOTING?

A: If you do not vote, or do not instruct your broker how to vote your shares, or if you abstain from voting, there will be no effect on the approval of the Aurora acquisition or the DBBC acquisition.

Q: WHEN WILL THE ACQUISITIONS BE COMPLETED?

A: Assuming the transactions are approved by our shareholders and that all of the other conditions are met or waived, we expect that both acquisitions will be completed during the first half of 2002.

Q: WHO CAN HELP ANSWER MY QUESTIONS?

A: If you have additional questions about the transactions or would like additional copies of this proxy statement, or the proxy card, you should contact our investor relations department at (404) 949-0700.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

SUMMARY

This summary, together with the question and answer section, highlight some of the information discussed in greater detail elsewhere in this proxy statement. This summary may not contain all of the information that is important to you, and we urge you to read carefully the entire proxy statement, including the appendices, and the other documents we refer you to, in order to fully understand the transactions. You can also refer to "Where You Can Find More Information" on page 96 for additional information about Cumulus Media.

THE PARTIES

Cumulus Media Inc.
3535 Piedmont Road
Building 14, Fourteenth Floor
Atlanta, GA 30305

Cumulus Media Inc., an Illinois corporation, is the parent company of Cumulus Broadcasting, Inc., which, along with its other subsidiaries, owns and operates FM and AM radio station clusters serving mid-size markets throughout the United States. Cumulus Media is the second largest radio station operating company in the United States based upon the number of stations owned or operated. Giving effect to the completion of all pending acquisitions and divestitures, including the Aurora acquisition and the DBBC acquisition, Cumulus Media will own and operate 245 radio stations in 51 mid-size U.S. media markets. In addition, Cumulus Media owns and operates a multi-market radio network in the English-speaking Caribbean.

Aurora Communications, LLC
Three Stamford Landing
Suite 210
46 Southfield Avenue
Stamford, CT 06902

Aurora Communications, LLC, a Delaware limited liability company, is a broadcasting company formed by industry veteran Frank D. Osborn and BancAmerica Capital Investors, SBIC I, L.P., in January 1999. Aurora Communications owns and operates 18 radio stations in multiple-station clusters in Bridgeport, Connecticut, Danbury, Connecticut, Newburgh-Middletown, New York, Westchester County, New York, and Poughkeepsie, New York. Aurora Communications and its owners are sometimes referred to in this proxy statement as the Aurora Sellers.

DBBC, L.L.C.
10 Music Circle East
Nashville, TN 37203

DBBC, L.L.C., a Georgia limited liability company, owns and operates, either directly or through its subsidiaries, three radio stations in the Nashville, Tennessee market. DBBC is owned by Lewis W. Dickey, Jr., the Chairman, President and Chief Executive Officer and a director of Cumulus Media, three of his brothers, including John W. Dickey, the Executive Vice President of Cumulus Media, and Quaestus & Co. Inc., which is controlled by Richard W. Weening, a director of Cumulus Media.

THE SPECIAL MEETING (PAGE 20)

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

DATE, TIME AND PLACE OF THE SPECIAL MEETING (PAGE 20)

The special meeting will be held on Thursday, March 28, 2002 at 10:00 a.m., local time, at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia 30305.

3

RECORD DATE (PAGE 20)

The record date for determining the holders of shares of our outstanding common stock entitled to vote at the special meeting is February 25, 2002. On the record date, 28,355,920 shares of Class A Common Stock were issued and outstanding, and 1,529,277 shares of Class C Common Stock were issued and outstanding.

VOTE REQUIRED (PAGE 20)

In order for the proposal relating to the Aurora acquisition to be approved, a majority of the votes cast at the special meeting by holders of our Class A Common Stock and Class C Common Stock, voting together as a single class, must be voted FOR the proposal.

In order for the proposal relating to the DBBC acquisition to be approved, a majority of the votes cast at the special meeting by the holders of our outstanding Class A Common Stock and Class C Common Stock, voting together as a single class, must be voted FOR the proposal.

Each share of Class A Common Stock is entitled to one vote. Each share of Class C Common Stock is entitled to ten votes.

In addition, the consent of the holders of a majority of the outstanding shares of our Class B Common Stock, consenting separately as a class, is required to approve the Aurora acquisition and the DBBC acquisition. We have received the written consent of the holder of a majority of our outstanding shares of Class B Common Stock.

THE AURORA ACQUISITION (PAGE 22)

In the Aurora acquisition, we will acquire all of the ownership interests, which are sometimes referred to as membership interests, of Aurora Communications. In consideration for the acquisition of Aurora Communications, we expect to issue to the Aurora Sellers approximately 1,570,034 shares of our Class A Common Stock, approximately 8,981,148 shares of our non-voting Class B Common Stock, which may be converted into shares of Class A Common Stock on a one-for-one basis, and warrants, exercisable for a period of one year from the date of issuance at an exercise price of \$12.00 per share, to purchase up to an aggregate of 833,333 shares of our common stock, consisting of warrants for approximately 124,000 shares of Class A Common Stock and approximately 709,333 shares of Class A Common Stock or Class B Common Stock, at the discretion of the

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

holder, and we will pay \$93 million in cash, most of which will be used to retire existing indebtedness of Aurora Communications and the balance of which will be paid to some of the Aurora Sellers.

Following the closing of the Aurora acquisition we expect to appoint Frank D. Osborn, the chief executive officer and president of Aurora Communications, as a member of our Board.

We have entered into an Acquisition Agreement, dated as of November 18, 2001, and amended as of January 23, 2002, with Aurora Communications and the Aurora Sellers. A copy of that agreement, as amended, referred to as the Aurora Acquisition Agreement, is attached to this proxy statement as Appendix A. We urge you to read the Aurora Acquisition Agreement carefully, as it is the legal document that governs the Aurora acquisition.

REASONS FOR THE AURORA ACQUISITION (PAGE 25)

Our Board determined that the Aurora acquisition is in the best interests of our shareholders based on the following primary reasons:

- Aurora Communications' critical mass in its markets;
- Aurora Communications' strong operating performance;
- the anticipated reduction in some of our debt leverage ratios that would result from the acquisition;

4

- the anticipated positive impact on our earnings that would result from the acquisition;
- the overall increase in size and scale of our operations that would result from the acquisition;
- the enhanced geographic diversity that the Aurora acquisition will bring to our radio station clusters; and
- the fairness opinion our Board received from Greenbridge Partners LLC.

STRUCTURE OF THE AURORA ACQUISITION (PAGE 36)

If you approve the Aurora acquisition, and if the other conditions to the Aurora acquisition are either satisfied or waived, then at the closing, sometimes referred to as the effective time, the following will happen effectively simultaneously:

- Aurora Management, Inc., a member of Aurora Communications, will merge with BA Blocker Acquisition Corp., one of our wholly owned subsidiaries;
- Allied Aurora Acquisition Corp., another member of Aurora Communications, will merge with AA Blocker Acquisition Corp., another of our wholly owned subsidiaries; and
- the remaining members of Aurora Communications will sell their membership interests to us directly.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

As a result, we will control all of the membership interests in Aurora Communications.

The following diagrams illustrate the elements of the Aurora acquisition:

Diagram 1 shows the merger of Aurora Management, a member of Aurora Communications, with BA Blocker Acquisition Corp., one of our subsidiaries.

Aurora Management merges with and into BA Blocker Acquisition Corp., and Aurora Management shares are converted into the right to receive shares of our common stock and warrants.

Diagram 2 shows the merger of AA Blocker Acquisition Corp., one of our subsidiaries, with Allied Aurora Acquisition Corp., a member of Aurora Communications.

AA Blocker Acquisition Corp. merges with and into Allied Aurora Acquisition Corp., and Allied Aurora Acquisition Corp. shares are converted into the right to receive shares of our common stock and warrants.

5

Diagram 3 shows the sale of the remaining membership interests of Aurora Communications to us.

All remaining members of Aurora Communications sell their interests to Cumulus Media in exchange for shares of common stock, warrants and cash.

Diagram 4 shows the ownership structure of Aurora Communications after completion of the Aurora Acquisition.

Upon completion of all of the steps of the Aurora acquisition, we will own all of the membership interests in Aurora Communications.

The Aurora Acquisition Agreement allows us to assign our rights under that agreement to a wholly owned subsidiary. If we assign our rights, the actual structure of our ownership of Aurora Communications following completion of the Aurora acquisition may differ from that depicted above. Nevertheless, upon completion of the Aurora acquisition we will own, either directly or through one or more of our wholly owned subsidiaries, all of the membership interests in Aurora Communications.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

On November 18, 2001, Greenbridge Partners LLC, or Greenbridge, delivered an oral opinion, confirmed in writing on that date, that, subject to the various assumptions, limitations and qualifications described in the opinion, the consideration we will pay in the Aurora acquisition is fair, from a financial point of view, to us. A copy of the opinion is attached as Appendix B-1 to this proxy statement. You are urged to, and should, read the opinion in its entirety. In connection with the amendment to the Aurora Acquisition Agreement on January 23, 2002, Greenbridge confirmed to our Board that the amendment, had it been in effect on November 18, 2001, would not have adversely affected the opinion that Greenbridge issued to the Board on that date. A copy of the confirmation letter is attached as Appendix B-2 to this proxy statement.

RECOMMENDATION OF THE BOARD OF DIRECTORS (PAGE 25)

Our Board has voted FOR, and recommends that you vote FOR, the approval of the Aurora acquisition, including the issuance of the shares of our common stock and the warrants to purchase shares of our common stock, and the payment of cash.

INTERESTS OF A DIRECTOR AND PRINCIPAL SHAREHOLDER OF CUMULUS MEDIA IN THE AURORA ACQUISITION (PAGE 34)

In considering the recommendation of our Board in connection with the Aurora acquisition, you should be aware that one of our directors, Robert H. Sheridan, III, and one of our principal shareholders, BA Capital Company, L.P., referred to as BA Capital, of which Mr. Sheridan is a senior vice president and managing director, have interests that are different from, and in addition to, those of our other shareholders. Those interests arise because BancAmerica Capital Investors, SBIC I, L.P., referred to as BACI, of which Mr. Sheridan is also a senior vice president and managing director and which is an affiliate of BA Capital, indirectly owns a majority of the equity interests in Aurora Communications. In

6

addition, Banc of America Securities LLC, or BA Securities, acted as one of the financial advisors to Aurora Communications in connection with the transaction. Furthermore, in connection with the new financing arrangements that we will enter into in order to refinance our existing indebtedness and to finance the cash portion of the Aurora acquisition, which are described in greater detail elsewhere herein, BA Securities is acting as joint lead arranger and joint bookrunner, and Bank of America, N.A. is acting as syndication agent. BA Securities and Bank of America, N.A. are each affiliates of BA Capital and BACI. Our Board, without the participation of Mr. Sheridan, considered these interests, together with other relevant factors, in approving the Aurora acquisition and making its recommendation.

BA Capital and BACI are each affiliates of Bank of America Corporation. Following the Aurora acquisition, without taking into account the DBBC acquisition, and giving effect to the conversion into shares of Class A Common Stock of all shares of Class B Common Stock owned by BA Capital and BACI but none of the other shares of Class B Common Stock (including the conversion of

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

shares issuable upon exercise of the warrant to be issued to BACI but none of the other warrants), BA Capital and BACI would own approximately 30.5% of our outstanding Class A Common Stock, representing about 22.2% of our voting power.

Assuming that both the Aurora acquisition and the DBBC acquisition are approved by the shareholders, after giving effect to both acquisitions and to the conversion into shares of Class A Common Stock of all shares of Class B Common Stock owned by BA Capital and BACI, but none of the other shares of Class B Common Stock (including shares issuable upon exercise of the warrants to be issued to BACI), BA Capital and BACI would own about 27.0% of our outstanding Class A Common Stock, representing about 20.3% of our voting power.

CONDITIONS TO THE COMPLETION OF THE AURORA ACQUISITION (PAGE 38)

The completion of the Aurora acquisition depends upon the satisfaction of a number of conditions, including, among other things, our shareholders' approval of the Aurora acquisition, issuance of a final order by the Federal Communications Commission, or FCC, permitting the transfer of control of the FCC licenses held by Aurora Communications' subsidiaries to us, and receipt of financing required to consummate the Aurora acquisition. Pursuant to the Aurora Acquisition Agreement, the condition regarding shareholder approval requires that, in addition to the shareholder vote required by The Nasdaq Stock Market, the Aurora acquisition be approved by the affirmative vote of a majority of the votes cast with respect to the Aurora acquisition at the meeting by the holders of our Class A Common Stock and Class C Common Stock (excluding any Aurora Seller or its affiliates to the extent that they hold shares of our Class A Common Stock or Class C Common Stock), voting together as a single class. It is, therefore, possible that we could obtain the votes required to approve the Aurora acquisition pursuant to the rules of The Nasdaq Stock Market, without obtaining the higher vote requirement set forth as a condition to completion of the Aurora acquisition. Either Cumulus Media or Aurora Communications may waive compliance with the conditions at its discretion to the extent the law allows.

TERMINATION (PAGE 47)

The Aurora Acquisition Agreement may be terminated under the following circumstances:

- by mutual agreement of us and specified representatives of the Aurora Sellers;
- by either us or the representatives of the Aurora Sellers, if:
 - the FCC does not approve the transfer of control of the licenses held by Aurora Communications' subsidiaries to us,
 - our shareholders do not approve the Aurora acquisition or we have not held the special meeting by November 18, 2002,
 - we have not completed the financing arrangements required to consummate the Aurora acquisition by the later of three business days after the date our shareholders approve the Aurora

acquisition and ten business days after the date the FCC issues its final order permitting the transfer of control of the FCC licenses, or

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- the Aurora acquisition has not been completed by November 23, 2002;
- by us if:
 - any of the Aurora Sellers are in continuing material breach of the Aurora Acquisition Agreement,
 - our Board has withdrawn its approval or recommendation of the Aurora acquisition, or
 - any loss, damage or other occurrence prevents broadcast transmission by any of four specified radio stations of Aurora Communications for more than three continuous days;
- by the representatives of the Aurora Sellers, if:
 - we are in continuing material breach of the Aurora Acquisition Agreement, or
 - any loss, damage or other occurrence prevents broadcast transmission by 20 of our radio stations for more than three continuous days; and
- by BACI, the majority-owner of Aurora Management, if:
 - there is a tender or exchange offer (or an announcement to make such an offer) by a person or group for at least 50% of our outstanding common stock; or
 - we enter into substantive negotiations with any person or group involving certain extraordinary corporate transactions, other than the DBBC acquisition, involving voting control of Cumulus Media or the acquisition or disposition of a material amount of our assets.

THE PRE-CLOSING ESCROW AGREEMENT AND THE EFFECT OF TERMINATION (PAGE 52)

As required by the Aurora Acquisition Agreement, we placed 770,000 shares of our Class A Common Stock into escrow as a deposit to secure performance of our obligations under the Aurora Acquisition Agreement.

In the event that the Aurora Acquisition Agreement is terminated:

- by us, if (1) our shareholders do not approve the Aurora acquisition at a duly held meeting, (2) the shareholders meeting to approve the Aurora acquisition is not held by November 18, 2002, (3) our Board has withdrawn its approval or recommendation of the Aurora acquisition, or (4) we have not completed the financing arrangements required to consummate the Aurora acquisition by the later of three business days after the date our shareholders approve the Aurora acquisition and ten business days after the date the FCC issues its final order permitting the transfer of control of the FCC licenses, or
- by representatives of the Aurora Sellers, if (1) we are in continuing material breach of the Aurora Acquisition Agreement or (2) our shareholders do not approve the Aurora acquisition at a duly held meeting, or

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- by representatives of the Aurora Sellers if (1) our shareholders meeting to approve the Aurora acquisition is not held by November 18, 2002, or (2) we have not completed the financing arrangements required to consummate the Aurora acquisition by the later of three business days after the date our shareholders approve the Aurora acquisition and ten business days after the date the FCC issues its final order permitting the transfer of control of the FCC licenses, and in either case the Aurora Sellers are not in material breach of their representations, warranties or covenants under the Aurora Acquisition Agreement, or
- by BACI, if there is a tender or exchange offer for at least 50% of our outstanding common stock, or we enter into substantive negotiations for any extraordinary corporate transaction, other than the

8

DBBC acquisition, involving voting control of Cumulus Media or the acquisition or disposition of a material amount of our assets, and the tender or exchange offer or extraordinary corporate transaction is consummated within 180 days of the termination of the Aurora Acquisition Agreement,

then the shares of Class A Common Stock will be released by the escrow agent to Aurora Communications, and Aurora Communications will acquire all rights incident to ownership of those shares of common stock. Prior to such an event, Aurora Communications will not be deemed to own the shares of Class A Common Stock and will have no right to those shares.

If we complete the Aurora acquisition as contemplated, then the pre-closing escrow shares will not be issued to Aurora Communications but will instead be returned to us.

THE REGISTRATION RIGHTS AGREEMENT (PAGE 53)

As required by the Aurora Acquisition Agreement, we have entered into a registration rights agreement with Aurora Communications and the other Aurora Sellers, pursuant to which we agreed to prepare and file registration statements with the Securities and Exchange Commission, or SEC, in order to permit:

- the resale of the 770,000 shares of Class A Common Stock we placed in escrow, which are issuable to Aurora Communications only if the Aurora Acquisition Agreement is terminated under specified circumstances, and
- the resale of the shares of Class A Common Stock that we will issue to the Aurora Sellers at the closing of the Aurora acquisition, including those shares of Class A Common Stock issued upon conversion of the Class B Common Stock or upon exercise of the warrants.

It is a condition to closing of the Aurora acquisition that the registration statement permitting the resale of the shares that will be issued to the Aurora Sellers in the Aurora acquisition at closing be declared effective prior to closing.

THE SHAREHOLDER AGREEMENT; RESTRICTIONS ON THE SHARES OF THE CLASS B COMMON STOCK (PAGE 54)

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

In order to accommodate regulatory concerns involving the ownership or control of broadcasting licenses, BACI has requested that the shares it is to receive in the Aurora acquisition be shares of our non-voting Class B Common Stock. Because holders of our Class B Common Stock are, in specified instances, permitted to vote or consent as a class to actions that we propose to undertake, and to convert the shares of Class B Common Stock into the other classes of our common stock, including shares of our Class C Common Stock, BACI has agreed to enter into a shareholder agreement with us, at the closing of the Aurora acquisition, that places limits on some of BACI's rights as a holder of our Class B Common Stock. The shareholder agreement limits the consent rights and convertibility into shares of Class C Common Stock otherwise provided to holders of our Class B Common Stock by our articles of incorporation. In addition, the shareholder agreement provides that if BACI, or any of its affiliates, including BA Capital, has converted shares of Class B Common Stock into shares of Class A Common Stock, in certain circumstances BACI, or its applicable affiliate, may exchange the shares of Class A Common Stock for an equal number of shares of Class B Common Stock, all of which would remain subject to the limitation of certain rights imposed by the shareholder agreement.

THE VOTING AGREEMENT (PAGE 55)

Messrs. L. Dickey, J. Dickey and Weening, and their affiliated entities, who together own shares of our common stock representing approximately 38.2% of our outstanding voting power as of December 31, 2001, have entered into an agreement with Aurora Communications that requires them to vote their shares of our common stock in favor of any proposals necessary to approve the Aurora acquisition.

9

THE DBBC ACQUISITION (PAGE 63)

In the DBBC acquisition, we will acquire the broadcasting operations of DBBC. In consideration for the acquisition of substantially all of DBBC's assets, we will issue 5,250,000 shares of our Class A Common Stock and a warrant, exercisable for a period of six months from the date of issuance, to purchase up to 250,000 shares of Class A Common Stock at an exercise price of \$12.00 per share, and we will assume specified liabilities of DBBC and pay certain expenses related to the DBBC acquisition, up to an aggregate of \$21 million.

We have entered into an Agreement and Plan of Merger, dated as of December 14, 2001, with DBBC and its subsidiaries. A copy of that agreement, referred to as the DBBC Acquisition Agreement, is attached to this proxy statement as Appendix C. We urge you to read the DBBC Acquisition Agreement carefully, as it is the legal document that governs the DBBC acquisition.

As discussed below, our Board established a special committee of independent directors to evaluate, negotiate and make a recommendation to our Board regarding the DBBC acquisition.

REASONS FOR THE DBBC ACQUISITION (PAGE 65)

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

The special committee and our Board determined that the DBBC acquisition is in the best interests of our shareholders based on the following primary reasons:

- the anticipated reduction in our debt leverage ratios, as measured under the credit agreement and the indenture governing our existing indebtedness, that would result from the acquisition;
- the anticipated positive impact on our broadcast cash flow, EBITDA and after tax cash flow, that would result from the acquisition;
- the significance of the Nashville, Tennessee market, which is ranked 44th in the United States by Arbitron and would represent the largest clustered market for Cumulus Media;
- the favorable market share of DBBC's stations in the Nashville, Tennessee market; and
- the fairness opinion the special committee received from Houlihan Lokey Howard & Zukin Financial Advisors, Inc.

STRUCTURE OF THE DBBC ACQUISITION (PAGE 73)

If you approve the DBBC acquisition, and if the other conditions to the DBBC acquisition are either satisfied or waived, then at the closing the following will happen effectively simultaneously:

- Mt. Juliet Broadcasting Inc., a subsidiary of DBBC, will merge with Mt. Juliet Inc., one of our wholly owned subsidiaries;
- Phoenix Communications Group Inc., another subsidiary of DBBC, will merge with Phoenix Broadcasting Inc., another of our wholly owned subsidiaries; and
- we will acquire substantially all of the assets, and assume specified liabilities, of DBBC.

10

The following diagrams illustrate the elements of the DBBC acquisition:

(Diagram 1 shows the merger of Mt. Juliet Broadcasting, a subsidiary of DBBC, with MJI, one of our subsidiaries.)

Mt. Juliet Broadcasting merges with and into Mt. Juliet Inc. Through this merger, we acquire WNPL-FM Belle Meade, Tennessee.

(Diagram 2 shows the merger of Phoenix Communications Group, a subsidiary of DBBC with PBI, one of our subsidiaries.)

Phoenix Communications Group merges with and into Phoenix Broadcasting Inc. Through this merger, we acquire WQQK-FM in Hendersonville, Tennessee.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

(Diagram 3 shows the sale of DBBC's assets to us.)

DBBC sells its remaining assets directly to us. Through this final step, we acquire WRQQ-FM in Goodlettsville, Tennessee.

(Diagram 4 shows the ownership structure of the three Nashville stations after completion of the DBBC acquisitions.)

Upon completion of all of the steps of the DBBC acquisition, the ownership structure of the three Nashville stations will look like this.

The DBBC Acquisition Agreement allows us to assign our rights under that agreement to a wholly owned subsidiary. If we assign our rights, the actual structure of our ownership of the broadcasting operations of DBBC following completion of the DBBC acquisition may differ from that depicted above. Nevertheless, upon completion of the DBBC acquisition we will own, either directly or through one or more wholly owned subsidiaries, all of the broadcasting operations of DBBC.

11

OPINION OF HOULIHAN LOKEY HOWARD & ZUKIN FINANCIAL ADVISORS, INC. (PAGE 66)

On December 14, 2001, Houlihan Lokey Howard & Zukin Financial Advisors, Inc., or Houlihan Lokey, delivered an oral opinion, confirmed in writing on that date, that, subject to the assumptions and limiting conditions described in the opinion, the consideration we will pay in the DBBC acquisition is fair to us from a financial point of view as of the date of the opinion. Houlihan Lokey has confirmed that opinion in a written opinion dated the date of this proxy statement. A copy of the opinion dated the date of this proxy statement is attached as Appendix D to this proxy statement. You are urged to, and should, read the opinion in its entirety.

RECOMMENDATIONS OF THE SPECIAL COMMITTEE AND THE BOARD OF DIRECTORS (PAGE 65)

Because of the potential conflicts of interest of two members of our Board, including our Chairman, President and Chief Executive Officer, who have ownership interests in DBBC, the Board established a special committee of independent directors to act on behalf of Cumulus Media in negotiating the price and other terms and conditions of the DBBC acquisition with the representatives of DBBC, and in evaluating the fairness of the DBBC Acquisition Agreement. The special committee is composed of Holcombe T. Green, Jr. and Eric P. Robison, each of whom is an independent director and has no material financial interest in the DBBC acquisition.

The special committee has determined that the terms of the DBBC Acquisition Agreement, which were established through arm's-length negotiations between the representatives of the special committee and representatives of DBBC, are fair

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

to and in the best interest of us and our shareholders. Accordingly, the special committee approved the DBBC Acquisition Agreement and the related agreements and recommended to the Board that the DBBC acquisition and related agreements be approved. Based upon that recommendation, our Board approved the DBBC acquisition and related agreements. The special committee and the Board have voted FOR, and recommend that you vote FOR, the approval of the DBBC acquisition.

INTERESTS OF EXECUTIVE OFFICERS AND DIRECTORS OF CUMULUS MEDIA IN THE DBBC ACQUISITION (PAGE 71)

In considering the recommendations of the special committee and our Board in connection with the DBBC acquisition, you should be aware that some of our executive officers and directors have interests that are different from those of our other shareholders. You should also be aware that some of our directors and executive officers, and their affiliates, have interests in connection with the DBBC acquisition that may present them with actual or potential conflicts of interests. The special committee and the Board considered these interests, together with other relevant factors, in making their recommendations.

DBBC is owned by Lewis W. Dickey, Jr., the Chairman, President, Chief Executive Officer and a director of Cumulus Media, three of his brothers, including John W. Dickey, the Executive Vice President of Cumulus Media, and Quaestus & Co. Inc., which was formerly known as Quaestus Management Corporation and is controlled by Richard W. Weening, a director of Cumulus Media. Collectively, those individuals, and their affiliated entities, own approximately 1,171,290 shares, or 4.2%, of our outstanding Class A Common Stock, and 1,529,277 shares, or 100%, of our outstanding Class C Common Stock, which collectively represent approximately 38.2% of the outstanding voting power of our common stock as of December 31, 2001. In connection with the DBBC acquisition, DBBC will receive 5,250,000 shares of our Class A Common Stock and a warrant, exercisable for a period of six months from the date of issuance, to purchase up to an additional 250,000 shares of Class A Common Stock at an exercise price of \$12.00 per share. As the majority owners and managers of DBBC, Messrs. L. Dickey and J. Dickey and their brothers will control the manner in which the shares of Class A Common Stock that DBBC will acquire in the DBBC acquisition will be voted.

Upon completion of the DBBC acquisition, and without taking into account the Aurora acquisition, Messrs. L. Dickey, J. Dickey and Weening, and their affiliates, collectively will own approximately 21.4% of our outstanding Class A Common Stock and 100% of our outstanding Class C Common Stock, which will collectively represent approximately 62.7% of the outstanding voting power of our common stock,

12

assuming exercise of the warrant being issued to DBBC and of all presently exercisable options held by those persons.

Assuming that both the DBBC acquisition and the Aurora acquisition are approved by the shareholders, after giving effect to both acquisitions, and to the exercise of the warrant to be issued to DBBC and all presently exercisable options held by those persons, Messrs. L. Dickey, J. Dickey and Weening, and their affiliates, collectively will own approximately 20.4% of our outstanding Class A Common Stock and 100% of our Class C Common Stock, which will collectively represent approximately 61.4% of our voting power.

Included in the specified liabilities of DBBC that we will assume in the DBBC acquisition are approximately \$1 million of outstanding promissory notes

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

held by Michael W. Dickey, a brother of Messrs. L. Dickey and J. Dickey, by Dickey Broadcasting Company, an affiliate of the Dickeys and by Stratford Research Company, Inc., another affiliate of the Dickeys.

CONDITIONS TO THE COMPLETION OF THE DBBC ACQUISITION (PAGE 74)

The completion of the DBBC acquisition depends upon the satisfaction of a number of conditions, including, among other things, our shareholders' approval of the DBBC acquisition, an FCC order permitting our acquisition of DBBC's licenses, receipt of financing required to consummate the transaction, and receipt of a fairness opinion of Houlihan Lokey dated within 60 days prior to the closing of the DBBC acquisition. Either Cumulus Media or DBBC may waive compliance with the conditions at its discretion to the extent the law allows.

TERMINATION (PAGE 77)

Prior to the effective time of the DBBC acquisition, the DBBC Acquisition Agreement may be terminated as follows:

- by mutual agreement of us and DBBC;
- by either us or DBBC, if:
 - the DBBC acquisition has not been completed on or before December 31, 2002 or a later, mutually agreed-upon date;
 - the FCC does not approve our acquisition of DBBC's licenses by December 31, 2002,
 - any governmental authority has issued an order, decree, or ruling, or taken any other action, permanently restraining, enjoining or otherwise prohibiting the consummation of the DBBC acquisition; or
- by us, if DBBC has continued in a material breach of the DBBC Acquisition Agreement for 14 days after they receive our notice of the breach, and the breach is not cured by the closing of the DBBC acquisition; or
- by DBBC, if we have continued in a material breach of the DBBC Acquisition Agreement for 14 days after we receive notice of the breach, and the breach is not cured by the closing of the DBBC acquisition.

Upon termination of the DBBC Acquisition Agreement by any party, the other party remains liable for any willful breach of the DBBC Acquisition Agreement.

THE REGISTRATION RIGHTS AGREEMENT (PAGE 79)

Simultaneously with the closing of the DBBC acquisition, we will enter into a registration rights agreement with DBBC, pursuant to which DBBC can require that we file a registration statement with the SEC in order to permit the resale of the shares of our Class A Common Stock issued to DBBC in the DBBC acquisition, including those shares of Class A Common Stock issued upon exercise of the warrant.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

THE VOTING AGREEMENT (PAGE 80)

Messrs. L. Dickey, J. Dickey and Weening, and their affiliated entities, who together own shares of our common stock representing approximately 38.2% of our outstanding voting power as of December 31, 2001, have entered into an agreement with DBBC that requires them to vote their shares of our common stock in favor of any proposals necessary to approve the DBBC acquisition.

FINANCING OF THE ACQUISITIONS (PAGE 88)

We will need approximately \$114 million in cash to repay indebtedness that we are assuming and to pay the cash portions of the purchase price for the Aurora acquisition and the DBBC acquisition. JPMorgan Chase Bank, Bank of America, N.A., CIT Lending Services Corporation and SunTrust Bank, acting as agents, have committed, pursuant to a commitment letter dated February 4, 2002, to provide credit facilities for up to \$350 million of indebtedness, on terms and conditions set forth in the commitment letter. We will use approximately \$160 million to repay all amounts owing under our existing senior credit facility and approximately \$114 million to repay the indebtedness being assumed in connection with, together with the cash portions of the purchase price for, the Aurora acquisition and the DBBC acquisition, and other costs and expenses related to those acquisitions. The facilities will include (1) \$100 million in the form of a reducing revolving credit facility, a portion of which will be available in the form of letters of credit; (2) \$100 million in the form of a term loan facility; and (3) \$150 million in the form of a second term loan facility. While we do not expect that the terms of the definitive financing documents will differ materially from the terms and conditions of the commitment letter, we will not be able to consummate the Aurora acquisition or the DBBC acquisition if we are unable to complete the financing on terms acceptable to us.

14

SELECTED HISTORICAL FINANCIAL DATA OF CUMULUS MEDIA

We are providing the following Cumulus Media selected historical consolidated financial information to aid you in your analysis of the financial aspects of the Aurora acquisition and the DBBC acquisition. The following information is only a summary and should be read together with Cumulus Media's audited and unaudited financial statements, the related notes, and discussion contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations of Cumulus Media" incorporated by reference into this proxy statement.

The selected historical financial data presented below have been derived from the audited consolidated financial statements of Cumulus Media as of and for the years ended December 31, 2001, 2000, 1999, 1998 and the period from inception on May 22, 1997 to December 31, 1997. The audited consolidated financial statements of Cumulus Media as of and for the years ended December 31, 2001, 2000 and 1999 are incorporated by reference into this proxy statement. The historical consolidated financial data of Cumulus Media are not comparable from year to year because of the acquisition and disposition of radio stations by

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Cumulus Media during the periods covered.

	YEAR ENDED DECEMBER 31, 2001	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 1998
	(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)			
Net revenues.....	\$201,328	\$ 225,911	\$ 180,019	\$ 98,787
Station operating expenses excluding depreciation and amortization and LMA fees (including a provision for doubtful accounts of \$4,793, \$23,751, \$2,504, \$9,644 and \$161, respectively).....	141,598	191,336	133,328	72,154
Depreciation and amortization.....	50,585	44,003	32,564	17,113
LMA fees.....	2,815	4,825	4,165	2,404
Corporate general and administrative expenses (includes non-cash stock compensation expense of \$0, \$0, \$0, \$0 and \$1,689, respectively).....	15,180	18,232	8,204	5,607
Restructuring and impairment charges.....	6,781	16,226	--	--
Operating income (loss).....	(15,631)	(48,711)	1,758	1,509
Net interest expense.....	(28,716)	(26,055)	(22,877)	(13,178)
Other income (expense), net.....	10,300	73,280	627	(2)
Income tax (expense) benefit.....	3,494	(812)	6,870	2,226
Loss before extraordinary item....	(30,553)	(2,298)	(13,622)	(9,445)
Extraordinary loss on early extinguishment of debt.....	--	--	--	(1,837)
Net loss.....	(30,553)	(2,298)	(13,622)	(11,282)
Preferred stock dividends, deemed dividends, accretion of discount and redemption premium.....	17,743	14,875	23,790	13,591
Net loss attributable to common stockholders.....	\$ (48,296)	\$ (17,173)	\$ (37,412)	\$ (24,873)
Basic and diluted loss per common share.....	\$ (1.37)	\$ (0.49)	\$ (1.50)	\$ (1.55)

15

YEAR ENDED DECEMBER 31, 2001	YEAR ENDED DECEMBER 31, 2000	YEAR ENDED DECEMBER 31, 1999	YEAR ENDED DECEMBER 31, 1998
---------------------------------------	---------------------------------------	---------------------------------------	---------------------------------------

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

OTHER FINANCIAL DATA:				
Broadcast Cash Flow.....	\$ 59,730	\$ 34,575	\$ 46,691	\$ 26,633
EBITDA.....	44,550	16,343	38,487	21,026
Net cash provided by (used in)				
operating activities.....	11,440	(14,565)	(13,644)	(4,653)
Net cash used in investing				
activities.....	(48,164)	(190,274)	(192,105)	(351,025)
Net cash (used in) provided by				
financing activities.....	31,053	(3,763)	400,445	378,990
BALANCE SHEET DATA:				
Total assets.....	\$965,317	\$ 966,010	\$ 914,888	\$ 514,363
Long-term debt (including current				
portion).....	320,018	285,228	285,247	222,767
Preferred stock subject to				
mandatory redemption.....	134,489	119,708	102,732	133,741
Stockholders' equity.....	423,884	471,872	488,442	127,554

(1) Broadcast cash flow consists of operating income (loss) before depreciation, amortization, LMA fees, corporate expenses and restructuring and impairment charges. Although broadcast cash flow is not a measure of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating Cumulus Media because it is a measure widely used in the broadcasting industry to evaluate a radio company's operating performance. Nevertheless, it should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure for determining Cumulus Media's operating performance or liquidity that is calculated in accordance with GAAP. As broadcast cash flow is not a measure calculated in accordance with GAAP, this measure may not be compared to similarly titled measures employed by other companies.

(2) EBITDA consists of operating income (loss) before depreciation and amortization, LMA fees and restructuring and impairment charges. Although EBITDA is not a measure of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating Cumulus Media because it is a measure widely used in the broadcasting industry to evaluate a radio company's operating performance. Nevertheless, it should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure for determining Cumulus Media's operating performance or liquidity that is calculated in accordance with GAAP. As EBITDA is not a measure calculated in accordance with GAAP, this measure may not be compared to similarly titled measures employed by other companies.

UNAUDITED SELECTED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

The following unaudited selected pro forma condensed combined financial information describes the pro forma effects of our proposed acquisitions of DBBC

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

and Aurora Communications on:

- our balance sheet as of December 31, 2001; and
- our statement of operations for the year ended December 31, 2001.

The following unaudited selected pro forma condensed combined operating information for the year ended December 31, 2001 also reflects the pro forma effects of Aurora Communications' acquisition of nine related radio stations, referred to as the Poughkeepsie acquisition, which was consummated on May 8, 2001. The pro forma effects of the Poughkeepsie acquisition have been reflected in the accompanying unaudited selected pro forma condensed combined operating information to provide a more comprehensive description of the pro forma effects of the Aurora acquisition.

The unaudited selected pro forma condensed combined financial information reflects the use of the purchase method of accounting for all acquisitions. The unaudited selected pro forma condensed combined operating information for the year ended December 31, 2001 reflects adjustments as if the acquisitions had occurred on January 1, 2001. The unaudited selected pro forma condensed combined financial information as of December 31, 2001 gives effect to our proposed acquisitions of Aurora Communications and DBBC, as if they had occurred on December 31, 2001. The financial effects of the transactions presented in the selected unaudited pro forma condensed combined financial information are not necessarily indicative of either the financial position or results of operations that would have been obtained had the acquisitions actually occurred on the dates set forth above, nor are they necessarily indicative of the results of future operations. We expect to incur integration expenses as well as to benefit from potential operating efficiencies as a result of the acquisitions of Aurora Communications and DBBC. The selected unaudited pro forma condensed combined financial information does not reflect any of these potential expenses and benefits from operating efficiencies that may occur due to our integration of Aurora Communications and DBBC. The selected unaudited pro forma condensed combined financial information should be read in conjunction with our historical financial statements, including the related notes, incorporated by reference to this proxy statement, the historical financial statements of Aurora Communications and DBBC, including the related notes, beginning on page F-1, and the unaudited pro forma condensed combined financial statements, beginning on page P-1.

17

UNAUDITED SELECTED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

AS OF DECEMBER 31, 2001

CUMULUS MEDIA/ AURORA PRO FORMA COMBINED	CUMULUS MEDIA/ DBBC PRO FORMA COMBINED	CUMULUS MEDIA/ AURORA/DBBC PRO FORMA COMBINED
---	---	--

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

	(IN THOUSANDS)		
Cash and cash equivalents.....	\$ 5,995	\$ 5,425	\$ 6,112
Working capital.....	19,240	11,967	17,009
Total assets.....	1,225,099	1,105,339	1,365,121
Long-term debt (including current portion).....	417,097	341,939	439,018
Preferred stock subject to mandatory redemption.....	134,489	134,489	134,489
Stockholders' equity.....	551,841	505,021	632,978

FOR THE YEAR ENDED DECEMBER 31, 2001

	CUMULUS MEDIA/ AURORA PRO FORMA COMBINED	CUMULUS MEDIA/ DBBC PRO FORMA COMBINED	CUMULUS MEDIA/ AURORA/DBBC PRO FORMA COMBINED
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net revenues.....	\$236,569	\$208,458	\$243,699
Total operating expenses.....	246,408	222,406	251,855
Operating income (loss).....	(9,839)	(13,948)	(8,156)
Loss from continuing operations.....	(31,538)	(30,281)	(31,266)
Net loss from continuing operations attributable to common stockholders...	\$ (49,281)	\$ (48,024)	\$ (49,009)
Basic and diluted net loss per share from continuing operations.....	\$ (1.08)	\$ (1.19)	\$ (.96)
OTHER FINANCIAL DATA:			
Broadcast Cash Flow(1).....	\$ 74,729	\$ 63,994	\$ 78,993
EBITDA(2).....	55,994	47,370	58,814

(1) Broadcast cash flow consists of operating income (loss) before depreciation, amortization, LMA fees, corporate expenses and restructuring and impairment charges. Although broadcast cash flow is not a measure of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating the combined company because it is a measure widely used in the broadcasting industry to evaluate a radio company's operating performance. Nevertheless, it should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure for determining the combined company's operating performance or liquidity that is calculated in accordance with GAAP. As broadcast cash flow is not a measure calculated in accordance with GAAP, this measure may not be compared to similarly titled measures employed by other companies.

(2) EBITDA consists of operating income (loss) before depreciation and

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

amortization, LMA fees and restructuring and impairment charges. Although EBITDA is not a measure of performance calculated in accordance with GAAP, we believe that it is useful to an investor in evaluating the combined company because it is a measure widely used in the broadcasting industry to evaluate a radio company's operating performance. Nevertheless, it should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure for determining the combined company's operating performance or liquidity that is calculated in accordance with GAAP. As EBITDA is not a measure calculated in accordance with GAAP, this measure may not be compared to similarly titled measures employed by other companies.

18

COMPARATIVE PER SHARE DATA

We have summarized below specified (1) comparative per share data of Cumulus Media on a historical basis and (2) combined per share data on an unaudited pro forma basis after giving effect to the proposed Aurora acquisition alone, the proposed DBBC acquisition alone, and the Aurora and DBBC acquisitions together, using the purchase method of accounting as if the acquisitions occurred on January 1, 2001 and assuming that:

- 1,570,034 shares of our Class A Common Stock and 8,981,148 shares of our Class B Common Stock were issued as partial consideration in the Aurora acquisition; and
- 5,250,000 shares of our Class A Common Stock were issued as partial consideration in the DBBC acquisition.

You should read this data along with our historical consolidated financial statements, including the related notes, incorporated by reference into this proxy statement, the historical financial statements of Aurora Communications and DBBC, including the related notes, beginning on page F-1, and the unaudited pro forma combined financial statements, beginning on page P-1. We have presented the pro forma per share data for illustrative purposes only. The financial effects of the transactions presented in the unaudited pro forma combined per share data are not necessarily indicative of the results of operations that would have been obtained had the acquisitions actually occurred on the date set forth above, nor are they necessarily indicative of the results of future operations. We expect to incur integration expenses as well as the benefits from potential operating efficiencies as a result of the acquisitions of Aurora Communications and DBBC. The unaudited pro forma combined per share data do not reflect any of these potential expenses and benefits from operating efficiencies that may occur due to the integration of Aurora Communications and DBBC with Cumulus Media.

YEAR
ENDED
DECEMBER 31,
2001

HISTORICAL PER SHARE DATA

Basic and diluted net loss per share from continuing

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

operations:	
Cumulus Media.....	\$ (1.37)
Book value per share at period end(1):	
Cumulus Media.....	\$12.05
Cash dividends declared per share at period end.....	\$ 0
PRO FORMA PER SHARE DATA	
Pro forma combined net loss per share from continuing operations:	
Cumulus Media/Aurora Communications pro forma.....	\$ (1.08)
Cumulus Media/DBBC pro forma.....	\$ (1.19)
Cumulus Media/Aurora Communications/DBBC pro forma.....	\$ (0.96)
Pro forma combined book value per share at period end(2):	
Cumulus Media/Aurora Communications pro forma.....	\$12.07
Cumulus Media/DBBC pro forma.....	\$12.49
Cumulus Media/Aurora Communications/DBBC pro forma.....	\$12.42
Pro forma combined cash dividends declared per share at period end.....	\$ 0

(1) Historical book value per share is computed by dividing stockholders' equity by the number of shares of common stock outstanding at the end of each period.

(2) Pro forma book value per share is computed by dividing pro forma stockholders' equity by the sum of: (a) the number of shares of our common stock outstanding at the end of each period, and (b) the number of shares of common stock to be issued in connection with the proposed acquisitions.

INFORMATION REGARDING THE SPECIAL MEETING

DATE, TIME AND PLACE OF THE SPECIAL MEETING

We are furnishing this proxy statement to the holders of our Class A Common Stock and our Class C Common Stock in connection with the solicitation of proxies by our Board for the special meeting of shareholders to be held on Thursday, March 28, 2002 at 10:00 a.m., local time, at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia 30305, or any adjournment or postponement of the special meeting.

PURPOSE OF THE SPECIAL MEETING

At the special meeting, we will ask you to vote on proposals relating to the Aurora acquisition and to the DBBC acquisition.

In connection with the Aurora acquisition, you are being asked to approve the acquisition of Aurora Communications, which involves the issuance to the Aurora Sellers of (a) 10,551,182 shares of our common stock, consisting of approximately 1,570,034 shares of our Class A Common Stock and approximately 8,981,148 shares of our non-voting Class B Common Stock, which may be converted into shares of Class A Common Stock on a one-for-one basis, and (b) warrants,

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

exercisable for a period of one year from the date of issuance at an exercise price of \$12.00 per share, to purchase up to an aggregate of 833,333 shares of our common stock, consisting of warrants for approximately 124,000 shares of Class A Common Stock and approximately 709,333 shares of Class A Common Stock or Class B Common Stock, at the discretion of the holder, and the payment of \$93 million in cash, most of which will be used to retire existing indebtedness of Aurora Communications and the balance of which will be paid to specified Aurora Sellers, in exchange for all of the outstanding membership interests in Aurora Communications.

In connection with the DBBC acquisition, you are being asked to approve the acquisition of the broadcasting operations of DBBC which involves the issuance of (a) 5,250,000 shares of our Class A Common Stock and (b) a warrant, exercisable for a period of six months from the date of issuance at an exercise price of \$12.00 per share, to purchase up to 250,000 shares of our Class A Common Stock, and the assumption of specified liabilities of DBBC and the payment of certain expenses, up to an aggregate of \$21 million.

The Aurora acquisition and the DBBC acquisition are independent of each other. Therefore, the inability to obtain shareholder approval of one acquisition will not affect our ability to consummate the other acquisition.

RECORD DATE; QUORUM; OUTSTANDING COMMON STOCK ENTITLED TO VOTE

All holders of record of our Class A Common Stock and our Class C Common Stock at the close of business on February 25, 2002 are entitled to notice of, and to vote at, the special meeting. The presence, in person or by proxy, of holders of a majority of the voting power represented by outstanding shares of our Class A Common Stock and Class C Common Stock, voting together as a single class, is required to constitute a quorum for the transaction of business. If you sign, date and return your proxy card without indicating how you want to vote, your proxy will be voted FOR the approval of the Aurora acquisition and FOR the approval of the DBBC acquisition. If you do not return your proxy card, or if you do not instruct your broker how to vote any shares held for you in "street name," there will be no effect on the approval of the proposals. A list of shareholders of record will be available for examination at the time and place of the special meeting. As of February 25, 2002, there were 28,355,920 shares of Class A Common Stock outstanding and 1,529,277 shares of Class C Common Stock outstanding.

VOTING RIGHTS; VOTE REQUIRED

Holders of Class A Common Stock are entitled to one vote for each share of Class A Common Stock held as of the record date. Holders of Class C Common Stock are entitled to ten votes for each share of Class C Common Stock held as of the record date. The affirmative vote of a majority of the votes cast at

20

the special meeting by the holders of shares of our Class A Common Stock and Class C Common Stock, voting together as a class, on the proposals to approve the Aurora acquisition and to approve the DBBC acquisition, is required to approve each of those proposals. In determining whether the approval of the proposals has received the requisite number of affirmative votes, abstentions and broker non-votes will have no effect on the approval of the Aurora acquisition or the DBBC acquisition.

In addition, under our articles of incorporation the consent of the holders of a majority of the outstanding shares of our Class B Common Stock, consenting

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

separately as a class, is required to approve the Aurora acquisition and the DBBC acquisition. We have received the consent of the holder of a majority of the outstanding shares of our Class B Common Stock entitled to exercise those consent rights.

VOTING AND REVOCATION OF PROXIES

A proxy card for you to use in voting accompanies this proxy statement. Subject to the following sentence, all properly executed proxies that are received prior to, or at, the special meeting and not revoked will be voted in the manner specified. If you execute and return a proxy card, and do not specify otherwise, the shares represented by your proxy will be voted FOR each of the proposals.

If you have given a proxy pursuant to this solicitation, you may nonetheless revoke it by attending the special meeting and voting in person. In addition, you may revoke any proxy you give at any time before the special meeting by delivering to our Secretary at 3535 Piedmont Road, Building 14, Fourteenth Floor, Atlanta, Georgia 30305 so that it is received prior to the special meeting, or at the special meeting itself, a written statement revoking the proxy, or by delivering a duly executed proxy bearing a later date. If you have executed and delivered a proxy to us, your attendance at the special meeting will not, by itself, constitute a revocation of your proxy.

SOLICITATION OF PROXIES

We will bear the cost of the solicitation of proxies. We will solicit proxies initially by mail. Further solicitation may be made by our directors, officers and employees personally, by telephone, facsimile, e-mail or otherwise, but they will not be compensated specifically for these services. Upon request, we will reimburse brokers, dealers, banks or similar entities acting as nominees for their reasonable expenses incurred in forwarding copies of the proxy materials to the beneficial owners of the shares of common stock they hold of record.

OTHER MATTERS

Except for the votes on the proposals related to the Aurora acquisition and the DBBC acquisition, no other matter is expected to come before the special meeting. If any other business properly comes before the special meeting, the persons named in the proxy will vote in their discretion to the extent permitted by law.

21

THE AURORA ACQUISITION

BACKGROUND

Commencing in the spring of 2001, Lewis W. Dickey, Jr., our Chairman, President and Chief Executive Officer, engaged in several discussions with Robert H. Sheridan, III, one of our directors and a senior vice president of BA Capital, which is one of our largest shareholders, about the possible acquisition of Aurora Communications by Cumulus Media. BACI, an affiliate of BA Capital, is the largest equity owner of Aurora Communications. Mr. Sheridan is also a senior vice president and managing director of BACI.

On May 4, 2001, at a regularly scheduled meeting of our Board, Mr. Dickey informed the Board of the preliminary discussions he had held with Mr. Sheridan concerning the possible acquisition of Aurora Communications by Cumulus Media. The Board determined to preliminarily examine the procedures by which a

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

potential transaction could be considered, in light of the affiliations of Mr. Sheridan and BA Capital with Aurora Communications. The Board also directed Martin R. Gausvik, our Chief Financial Officer, to begin to gather and analyze summary financial and other information concerning Aurora Communications for the Board.

At the next meeting of our Board on July 2, 2001, the Board considered, with representatives of Jones, Day, Reavis & Pogue, or Jones Day, our legal counsel, the steps required for Cumulus Media to evaluate an acquisition of Aurora Communications. The Board discussed the potential conflict of interest regarding the Aurora transaction arising from the fact that Mr. Sheridan, a member of our Board, was affiliated with both BA Capital, a principal shareholder of Cumulus Media, and BACI, the largest equity owner in Aurora Communications (and the fact that both such entities are affiliated with Bank of America Corporation). As a result, the Board determined, and Mr. Sheridan concurred, that Mr. Sheridan should recuse himself from all Board deliberations concerning the possible acquisition of Aurora Communications by us. The Board directed Mr. Dickey and Mr. Gausvik to continue to investigate a proposed acquisition and to commence discussions with Aurora Communications.

On July 16, 2001, Mr. Dickey issued a proposal letter to Aurora Communications, addressed to Frank D. Osborn, Aurora Communications' president and chief executive officer, outlining our interest in pursuing an acquisition by us of Aurora Communications' business. This letter contained preliminary terms, proposing that we would acquire the assets of Aurora Communications in exchange for 8.5 million shares of our common stock and \$100 million in cash, net of certain liabilities of Aurora Communications. In order to accommodate regulatory concerns of BACI relating to ownership or control of broadcasting licenses, the shares of common stock that we proposed to issue in the acquisition would consist of a combination of shares of a class of non-voting common stock, which would be issued to BACI, and shares of our Class A Common Stock, which would be issued to the other owners of Aurora Communications.

During the period between July 16, 2001 and August 2, 2001, Mr. Dickey had several telephone conversations with representatives of Aurora Communications and with representatives of Deutsche Banc Alex. Brown, Aurora Communications' financial advisor. On August 1, 2001, Aurora Communications' financial advisor made a counter-proposal, proposing a purchase price for the transaction of 11.3 million shares of our stock and \$100 million in cash, net of specified liabilities of Aurora Communications.

On August 3, 2001, at a regular quarterly meeting of our Board, with Mr. Sheridan absent for those discussions, Mr. Dickey reviewed the July 16, 2001 proposal letter and reported on the preliminary discussions he had held with representatives of Aurora Communications, including Deutsche Banc Alex. Brown. Mr. Dickey suggested to the Board that we should propose a counter-offer with a purchase price of 10 million shares of our common stock and \$100 million in cash, net of specified liabilities. Mr. Dickey and Mr. Gausvik then provided some analysis of the transaction if it were accomplished at this proposed price. They discussed the price and structure of similar transactions and preliminary views as to the accretion in value per share that the acquisition could provide our shareholders, the effect the acquisition would have on reducing our debt leverage ratios, and the fact that Aurora Communications would provide

22

us with a bigger marketing platform. They reviewed the assets owned by Aurora Communications in some detail, as well as Arbitron market rank, ratings and financial performance information.

Following the August 3 Board meeting, Mr. Dickey informed Aurora

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Communications that we would consider a purchase price of 10 million shares of common stock and \$100 million in cash net of certain liabilities.

On August 6, 2001, Deutsche Banc Alex. Brown, on behalf of Aurora Communications, submitted a term sheet that outlined a proposal by which we would acquire, directly or indirectly, all of the membership interests of Aurora Communications for a purchase price of 10 million shares of common stock and \$100 million in cash. The proposal contained other proposed terms, including an \$11.35 million cash pre-closing deposit to be made by us and held in an escrow account to secure our performance prior to closing.

On August 8, 2001, a conference call took place among Mr. Dickey, Mr. Gausvik and representatives of Jones Day, and Mr. Osborn and Aurora Communications' counsel and financial advisors. The parties and their advisors discussed the terms of the proposal. Our representatives advised Aurora Communications that we objected to the pre-closing deposit. As for the purchase price, we proposed that we be permitted at closing, at our option, to substitute cash for up to \$25 million in value of the Cumulus Media common stock to be issued.

On August 9, 2001, Aurora Communications proposed a revised term sheet. Its terms were similar to the August 6, 2001 term sheet, but the pre-closing deposit was changed from \$11.35 million in cash to one million shares of our common stock, which based upon the trading price of our common stock at that time was valued at \$12.5 million.

During August 2001, we continued to conduct our financial and business due diligence concerning Aurora Communications, and our counsel commenced legal due diligence. Legal representatives for us and for Aurora Communications commenced negotiations on an acquisition agreement.

During the period from mid-August through mid-September 2001, the parties, principally through their respective attorneys, continued to negotiate the material terms of the proposed transaction. We preliminarily agreed upon a pre-closing deposit of 770,000 shares of our common stock, and that we would be permitted at closing, at our option, to substitute cash for up to \$25 million in value of our common stock issuable as part of the purchase price, subject to specified limitations.

In early September, 2001, and subsequent to the September 11, 2001 terrorist attacks on the United States, our common stock, as reported on The Nasdaq Stock Market, began to trade at lower prices. On August 16, 2001, the trading price for our common stock had been \$13.34 per share; on September 18, 2001, it was \$8.75 per share. In mid-September, Aurora Communications indicated to Mr. Dickey that it wanted to re-evaluate the transaction.

On September 21, 2001, Mr. Dickey spoke with Mr. Sheridan, who indicated that Aurora Communications would, notwithstanding the decline in the trading price of our common stock that occurred since August, continue to explore the acquisition. Aurora Communications proposed that the purchase price be revised to increase the number of shares of our common stock from ten million to 10,551,182, that the cash component be reduced from \$100 million to \$93 million, and that we also issue to the Aurora Sellers warrants, which would have a one-year term, have a per-share exercise price equal to the average of the closing trading price for our Class A Common Stock for a period preceding signing of an acquisition agreement, and, in the aggregate, be exercisable for a number of shares of our common stock equal to \$10 million divided by the exercise price. In addition, the pre-closing deposit would remain at 770,000 shares of our Class A Common Stock. Also, the option for Cumulus Media to pay up to \$25 million in cash in lieu of shares of our common stock of the same value would be eliminated. Based on this proposal we and Aurora Communications determined to continue to pursue the proposed acquisition.

During the period from September 24, 2001 through November 10, 2001, the parties, principally through their respective attorneys, continued to negotiate the terms of the transaction and negotiate the various related agreements. During this time period, we held three Board meetings, two of which primarily involved updates regarding the status of the negotiations and the terms of the proposed transaction with Aurora Communications. Mr. Sheridan was not present for any of those discussions.

On November 10, 2001, a meeting of our Board was held with representatives of Jones Day and of Greenbridge, who had been engaged by us to provide a fairness opinion to our Board in respect of the acquisition of Aurora Communications. Greenbridge presented to our Board its analysis as to the fairness to Cumulus Media of the total consideration, which was comprised of cash, shares of Class A common stock, shares of non-voting common stock and warrants, to be paid by us in the proposed acquisition, using various valuation methodologies, based upon the proposed terms of the acquisition at that point in the process. Greenbridge reported in the meeting that, pending resolution of the remaining issues in the negotiations, it would be prepared to issue a fairness opinion to our Board that the consideration to be paid in the proposed transaction was fair from a financial point of view to us. Jones Day reported to the Board on the material terms of the principal legal agreements related to the acquisition. The Board, with all members present other than Mr. Sheridan, determined to defer approval of the transaction until a Board meeting to occur following the resolution of the remaining issues under negotiation with Aurora Communications.

On November 14, 2001, our Board met again to discuss the acquisition of Aurora Communications. Greenbridge gave the Board an update of its fairness report -- updating its report for increases in the trading price for our common stock that occurred since the prior Board meeting on November 10. The Board also obtained a report from counsel on the status of the negotiations on legal documents. The Board, with all members present other than Mr. Sheridan, then approved the proposed terms of the Aurora acquisition and authorized the executive officers to finalize the Aurora Acquisition Agreement and related documents, subject to receipt of Greenbridge's written fairness opinion and resolution of all remaining issues.

From November 15 through November 18, 2001, the parties continued to work to finalize the legal documentation for the transaction. During this time period, the trading price for our common stock continued to increase. The trading price for our Class A Common Stock had closed on November 14, 2001, the day of the prior Board meeting, at \$10.125 per share, and as of the close of business on November 16, 2001, it had increased to \$12.00 per share. In light of the increase in the stock price, on November 17, 2001, the representatives of Cumulus Media and Aurora Communications negotiated a change in the warrant consideration. As previously structured, the exercise price for the warrants was to be based upon the thirty day closing trading average for our Class A Common Stock that preceded the signing of the Aurora Acquisition Agreement. Inasmuch as the parties expected to resolve all remaining issues and to sign the Aurora Acquisition Agreement prior to the opening of the markets on November 19, 2001, under that calculation the per-share-exercise price for the warrant shares would have been approximately \$7.46, and the warrants would have been for approximately 1.34 million shares of our common stock. We and Aurora Communications agreed upon a fixed exercise price for the warrants at \$12.00 per share, which was the closing price on November 16, 2001. This reduced the number of shares of our common stock issuable upon exercise of the warrants to 833,333.

On November 18, 2001, the Board held another meeting. Mr. Dickey summarized

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

the change in the number of the warrants to be issued and the exercise price, which was negotiated on the previous day. Greenbridge provided an update of its financial analysis for the benefit of the Board, taking into account the increased trading price of our common stock since its last report and the revised exercise price of the warrants. Greenbridge then issued an updated oral fairness opinion to the Board, which was later confirmed in writing, that the consideration we would pay was fair, from a financial point of view, to us. The Board, with all members present other than Mr. Sheridan, then voted to approve the Aurora acquisition, and the related agreements. At that point, Mr. Sheridan joined the meeting by telephone and, after a review for Mr. Sheridan's benefit of the report from Greenbridge and from our counsel, the Board unanimously approved the Aurora acquisition, and the Aurora Acquisition Agreement was executed that

24

evening. On the morning of November 19, 2001, prior to the opening of trading, we issued a press release announcing the Aurora acquisition.

Commencing during the week of January 7, 2002, the legal representatives of BACI and Cumulus Media engaged in a series of discussions in an attempt to ensure that the structure of the Aurora acquisition accommodated BACI's desire to receive non-voting common stock, while also avoiding an overly-complex capital structure for Cumulus Media. The articles of incorporation of Cumulus Media provide for one class of non-voting stock -- our Class B Common Stock, but those articles give specified holders of shares of Class B Common Stock the right to consent to certain transactions, and also provide that shares of Class B Common Stock are convertible into shares of our Class C Common Stock. After a series of discussions, it was determined that if BACI would agree to relinquish these consent and conversion rights, then Cumulus Media would issue shares of Class B Common Stock to BACI in the Aurora acquisition. During the week of January 14, 2002, the parties negotiated an amendment to the Aurora Acquisition Agreement, which established that the shares of our non-voting stock we will issue in the Aurora acquisition will be shares of our Class B Common Stock, and obtained BACI's agreement to enter into a shareholder agreement whereby BACI would agree that it would not exercise these consent or conversion rights relative to the shares of Class B Common Stock it would receive. After having been briefed on the terms and conditions of the amendment, and after receiving written confirmation from Greenbridge that the amendment, had it been in effect on November 18, 2001, would not have adversely affected the opinion that Greenbridge issued to the Board on that date, and having received the consent of the holder of a majority of the outstanding shares of our Class B Common Stock, the Board approved the amendment. Shortly thereafter, the amendment was executed by Cumulus Media and by representatives of the Aurora Sellers.

RECOMMENDATION OF THE BOARD OF DIRECTORS

At its meeting on November 18, 2001, all of the members of our Board other than Mr. Sheridan, and then by unanimous vote including Mr. Sheridan after he joined the meeting, determined that the terms and conditions of the Aurora Acquisition Agreement were fair to, and in the best interests of, Cumulus Media and our shareholders and approved the Aurora Acquisition Agreement and related agreements. Accordingly, the Board recommends that you vote FOR approval of the Aurora acquisition.

In considering the recommendation of our Board, you should be aware that Mr. Sheridan, one of our directors, and BA Capital, one of our principal shareholders, have interests that are different from, or in addition to, those of our other shareholders. See "The Aurora Acquisition -- Interests of a Director and Principal Shareholder of Cumulus Media in the Aurora Acquisition."

REASONS FOR THE AURORA ACQUISITION

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

In connection with our Board's approval of the Aurora Acquisition Agreement and the Aurora acquisition, and its determination to recommend that our shareholders approve the Aurora acquisition, our Board consulted with our management and with our financial and legal advisors, and considered a number of factors in determining that the consideration to be paid for the Aurora acquisition is fair to, and in the best interests of, our shareholders. The decision of our Board was based upon a number of potential benefits of the Aurora acquisition and other factors that it believes could contribute to the success of the combined company, and thus inure to the benefit of our shareholders, including the following, the order of which does not necessarily reflect their relative significance:

- Aurora Communications has achieved critical mass in its markets. Aurora Communications has the #1- or #2-rated group of radio stations in each of its markets. Located in the greater New York City metropolitan area, Aurora Communications' markets have attractive demographics, and it has been able to develop an expanded advertising base by operating radio stations in contiguous markets.
- Aurora Communications has a strong operating performance and broadcast cash flow. Aurora Communications has a history of strong operating performance. In addition, in part as a result of

25

Aurora Communications' having demonstrated strong ratings growth in each of its markets in both the Spring-2001 ratings period and the Fall-2001 ratings period, its broadcast cash flow margins have been enhanced.

- Anticipated reduction in debt leverage ratios. The combined company should have lower debt leverage ratios than we currently have on our own.
- Anticipated accretion to earnings. The combined company should have increased broadcast cash flow, increased earnings before interest, taxes, depreciation and amortization, and increased after-tax cash flow, on a per share basis, when compared to Cumulus Media on our own.
- Increased size and scale of operations. The addition of Aurora Communications helps to solidify our position as the second largest radio station company in the U.S., based on number of stations owned or operated, and increases our total revenues, which should increase our market capitalization.
- Geographical diversity. The addition of Aurora Communications' radio stations to our company will further our geographical diversity by establishing a significant presence in the greater New York City metropolitan area.
- Fairness opinion. Our Board received the opinion of Greenbridge that the consideration we are paying in the Aurora acquisition is fair, from a financial point of view, to us.

In addition, our Board also identified and considered several potentially negative factors to be balanced against the positive factors listed above, including the following, the order of which does not necessarily reflect their relative significance:

- the challenges associated with integrating radio stations in markets that previously have not been served by Cumulus Media;
- our potential inability to retain key employees of Aurora Communications;

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- increased concentration of ownership of shares of our common stock with BA Capital and its affiliate, BACI;
- the potential impact on the trading price of our common stock that could result from market overhang of the shares of our common stock that will be available for immediate resale by the Aurora Sellers following the completion of the Aurora acquisition.

Our Board, other than Mr. Sheridan, also took special note of the interests of Mr. Sheridan, BA Capital and BA Securities in the Aurora acquisition, as discussed under "The Aurora Acquisition -- Interests of a Director and Principal Shareholder of Cumulus Media in the Aurora Acquisition."

After considering all of the relevant factors, as well as the form and amount of consideration to be paid, our Board concluded that, on balance, the potential benefits of the Aurora acquisition to us and our shareholders outweighed the associated risks.

This discussion of the factors considered by our Board is not intended to be exhaustive. In light of the variety of material factors considered in connection with its evaluation of the Aurora acquisition, our Board did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, our Board conducted an overall analysis of the factors described above and, in considering these factors, individual members of our Board may have given different weights to different factors. Our Board considered all of these factors as a whole, and ultimately considered the factors to be favorable to, and to support, its determination.

OPINION OF GREENBRIDGE PARTNERS LLC

Cumulus Media engaged Greenbridge to render an opinion as to the fairness to us of the total consideration (as described below) to be paid by us in the Aurora acquisition. On November 18, 2001, Greenbridge delivered its oral and written opinion to our Board that, as of the date of the opinion and

26

based upon and subject to the assumptions, limitations and qualifications described in the opinion, the total consideration to be paid by us was fair, from a financial point of view, to Cumulus Media. In connection with the amendment to the Aurora Acquisition Agreement that was entered into on January 23, 2002, Greenbridge confirmed to our Board that the amendment, had it been in effect on November 18, 2001, would not have adversely affected the opinion that Greenbridge issued to the Board on that date.

Greenbridge's opinion and the presentation Greenbridge made to our Board, was, as described above, only one of many factors taken into consideration by our Board in making its determination to approve the Aurora acquisition.

THE FULL TEXT OF GREENBRIDGE'S OPINION, WHICH SETS FORTH THE ASSUMPTIONS MADE, GENERAL PROCEDURES FOLLOWED, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN BY GREENBRIDGE, AND A COPY OF THE CONFIRMATION LETTER, DATED JANUARY 23, 2002, ARE ATTACHED AS APPENDIX B-1 AND APPENDIX B-2 TO THIS PROXY STATEMENT AND ARE INCORPORATED HEREIN BY REFERENCE. GREENBRIDGE'S OPINION SHOULD BE READ CAREFULLY AND IN ITS ENTIRETY. GREENBRIDGE'S OPINION IS DIRECTED ONLY TO THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, TO CUMULUS MEDIA OF THE TOTAL CONSIDERATION TO BE PAID BY CUMULUS MEDIA, AND GREENBRIDGE'S ANALYSES WERE PREPARED SOLELY FOR THE PURPOSES OF PROVIDING THE OPINION. GREENBRIDGE'S OPINION

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

DOES NOT CONSTITUTE A RECOMMENDATION TO OUR BOARD IN CONNECTION WITH ITS CONSIDERATION OF THE AURORA ACQUISITION OR ADDRESS OUR UNDERLYING BUSINESS DECISION TO EFFECT THE AURORA ACQUISITION. THE OPINION WAS PROVIDED FOR THE INFORMATION OF OUR BOARD IN ITS EVALUATION OF THE AURORA ACQUISITION AND IS NOT INTENDED TO BE AND DOES NOT CONSTITUTE A RECOMMENDATION TO YOU AS TO HOW YOU SHOULD VOTE ON ANY MATTERS RELATING TO THE AURORA ACQUISITION. GREENBRIDGE'S OPINION ALSO DOES NOT IMPLY ANY CONCLUSION AS TO THE LIKELY TRADING RANGE OR VALUE FOR OUR COMMON STOCK FOLLOWING THE ANNOUNCEMENT OR CONSUMMATION OF THE AURORA ACQUISITION, WHICH MAY VARY DEPENDING UPON VARIOUS FACTORS DISCUSSED IN THE OPINION. THIS SUMMARY OF GREENBRIDGE'S OPINION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION.

In connection with rendering its opinion, Greenbridge, among other things:

- reviewed certain publicly available business and financial information relating to Cumulus Media that Greenbridge deemed to be relevant including (a) the Annual Report on Form 10-K and related audited financial statements for the two years ended December 31, 2000 and (b) Quarterly Reports on Form 10-Q and related unaudited financial statements for the quarterly periods ending March 31, 2000, June 30, 2000, September 30, 2000, March 31, 2001, June 30, 2001, and September 30, 2001;
 - reviewed certain business and financial information provided by Aurora Communications' management relating to Aurora Communications that Greenbridge deemed to be relevant including (a) audited financial statements for the fiscal year ended December 31, 2000 and the period January 20, 1999 (commencement of operations) to December 31, 1999 for Aurora Communications (b) audited financial statements for the two fiscal years ended December 31, 2000 and December 31, 1999 for The Crystal Radio Group, which was acquired by Aurora Communications in May, 2001, (c) unaudited pro forma monthly income statements for the nine months ended September 30, 2001, and (d) other financial information made available by Aurora Communications;
 - reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Cumulus Media and Aurora Communications, as well as the amount and timing of the cost savings and related expenses and synergies expected to result from the Aurora acquisition, which information was furnished to Greenbridge by Cumulus Media and Aurora Communications;
 - conducted discussions with members of senior management of Aurora Communications and Cumulus Media concerning the matters described in the three items above, as well as their respective businesses and prospects before and after giving effect to the Aurora acquisition and the expected cost savings and synergies;
- 27
- discussed with the management teams of Cumulus Media and Aurora Communications the impact of the terrorist attacks which occurred on September 11, 2001 on each company's businesses and prospects;
 - reviewed the results of operations of Aurora Communications and Cumulus Media and compared them with those of certain publicly traded radio broadcasting companies that Greenbridge deemed to be relevant;
 - compared the proposed financial terms of the Aurora acquisition with the financial terms of certain other transactions that Greenbridge deemed to be relevant;

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- reviewed the potential pro forma impact of the Aurora acquisition on Cumulus Media's financial results;
- reviewed the final draft, dated November 15, 2001, of the Aurora Acquisition Agreement; and
- reviewed such other financial studies and analyses and took into account such other matters as Greenbridge deemed necessary, including Greenbridge's assessment of general economic, market and monetary conditions, as well as Greenbridge's experience in connection with similar transactions and securities valuation generally.

In preparing its opinion, Greenbridge, with our permission, assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to Greenbridge, discussed with or reviewed by or for Greenbridge, or publicly available, and Greenbridge did not assume any responsibility for independently verifying such information. Greenbridge did not undertake an independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Aurora Communications or Cumulus Media and was not furnished with any such evaluation or appraisal. In addition, Greenbridge did not assume any obligation to conduct any physical inspection of the properties or facilities of Aurora Communications or of Cumulus Media. With respect to the financial forecast information and the expected cost savings and synergies furnished to or discussed with Greenbridge by Aurora Communications or Cumulus Media, Greenbridge was advised by management of Aurora Communications or Cumulus Media, as applicable, and assumed, that the forecast information and expected cost savings and synergies had been reasonably prepared and reflected the best available estimates and judgment of Aurora Communications' or Cumulus Media's managements at the time the information was prepared as to the expected future financial performance of Aurora Communications or Cumulus Media, as the case may be, and the expected cost savings and synergies. Greenbridge expressed no view as to those forecasts or forecast information or the assumptions on which they were based. Greenbridge has made no independent investigation of any legal matters and accounting advice given to Cumulus Media or Aurora Communications and their respective boards of directors, including, without limitation, advice as to the accounting and tax consequences of the Aurora acquisition. Greenbridge also assumed that the representations and warranties of each party contained in the Aurora Acquisition Agreement were true and correct in all material respects, that each party will perform all of the covenants and agreements required to be performed by it under the Aurora Acquisition Agreement, and that the Aurora acquisition would be consummated in accordance with the terms set forth therein and without waiver of any of the material conditions to the Aurora acquisition set forth in the Aurora Acquisition Agreement.

Greenbridge's opinion is necessarily based upon market, economic and other conditions as they existed and could be evaluated on, and on the information made available to Greenbridge as of, November 18, 2001. These conditions are subject to rapid, substantial and unpredictable changes and they could impact Greenbridge's opinion. Greenbridge assumed that in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the Aurora acquisition, no restrictions, including any divestiture requirements or amendments or modifications to the Aurora Acquisition Agreement or any other documents to which either Cumulus Media or Aurora Communications is a party, would be imposed that would have a material adverse effect on the contemplated benefits of the Aurora acquisition to Cumulus Media. In addition, because negotiations with DBBC were not finalized at the time that Greenbridge was asked to deliver its opinion, Greenbridge, with Cumulus Media's consent, did not

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

consider any effect that the acquisition of the broadcasting operations of DBBC would have on Cumulus Media or Greenbridge's opinion.

In preparing its opinion to our Board, Greenbridge performed financial and comparative analyses, the material portions of which are described below. The summary of analyses set forth below does not purport to be a complete description of the analyses underlying Greenbridge's fairness opinion or the presentation made by Greenbridge to our Board. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, such an opinion is not readily susceptible to partial analysis or summary description. No company, business or transaction used in these analyses as a comparison is identical to Aurora Communications, Cumulus Media or the contemplated Aurora acquisition, nor is an evaluation of the results of such analyses entirely mathematical. The process of preparing a fairness opinion necessarily requires a broad range of complex considerations and subjective judgments with respect to appropriate comparable companies and transactions, appropriate multiples of various selected financial data, appropriate discount rates and other financial, operating and other factors that could affect the Aurora acquisition, public trading or other values of the companies, business segments or transactions being analyzed.

In arriving at its opinion, while Greenbridge considered the results of all of its analyses, Greenbridge did not attribute any particular weight to any analysis or factor considered by it, but rather made various subjective qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Greenbridge's analyses must be considered as a whole and selecting portions of its analyses and the factors considered therein, without considering all such analyses and factors, would create an incomplete view of the analyses and the process underlying its opinion.

In performing its analyses, Greenbridge made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Greenbridge, Aurora Communications or Cumulus Media. The estimates contained in the analyses performed by Greenbridge and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by these estimates and analyses. In addition, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which these businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. Greenbridge noted that radio broadcasting companies were significantly impacted by the terrorist attacks on September 11, 2001 as well as by the actions taken by the United States in response to such events. The stock prices of radio broadcasting companies declined markedly following the attacks. By November 16, 2001 however, the stock prices had rebounded and for several companies exceeded the closing prices on September 10, 2001.

The following is a summary of the material financial and comparative analyses performed by Greenbridge in arriving at its opinion and presented to our Board. The Greenbridge opinion is based upon Greenbridge's consideration of the collective results of all such analyses, together with the other factors referred to in its opinion letter.

Total Consideration Paid by Cumulus Media for Aurora Communications. Greenbridge defined the total consideration to be paid by Cumulus Media for Aurora Communications as the sum of (1) the value of Cumulus Media shares to be issued to Aurora Communications based on the closing price of Cumulus Media's Class A Common Stock on November 16, 2001, (2) total cash

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

consideration, (3) the estimated value of the warrants issued by Cumulus Media to the shareholders of Aurora Communications and (4) the estimated value of specified liabilities of Aurora Communications. The estimated value of the warrants was derived using the Black-Scholes model based on 833,333 shares of Cumulus Media Class A Common Stock issuable upon exercise of the warrants at a strike price equal to the closing price per share of Cumulus Media Class A Common Stock on November 16, 2001, of \$12.00 per share, and a one year term. The estimated value of the liabilities of Aurora Communications to be effectively assumed by Cumulus Media was provided by Cumulus Media management. Based on the foregoing, Greenbridge

29

valued the total consideration at \$224.8 million. Because the total consideration includes stock and warrants, the value of the total consideration is subject to change based on movements in the closing price of Cumulus Media's Class A Common Stock.

Comparable Public Company Analysis. Greenbridge compared various measures of financial performance for Aurora Communications to certain publicly traded radio broadcasting companies that Greenbridge deemed to be comparable to Aurora Communications. These comparable radio broadcasting companies included Beasley Broadcast Group, Inc., Clear Channel Communications, Inc., Cox Radio, Inc., Emmis Communications Corp., Entercom Communications Corp., Hispanic Broadcasting Corporation, Radio One Inc., Regent Communications, Inc., Saga Communications, Inc., Salem Communications Corp. and Spanish Broadcasting System Inc. Greenbridge compared the total consideration as a multiple of certain selected financial data for Aurora Communications to the adjusted aggregate value of each of the comparable radio broadcasting companies as of November 16, 2001 as a multiple of the corresponding selected financial data. Greenbridge defined adjusted aggregate value as fully diluted equity value as of November 16, 2001 using the treasury stock method plus total debt, preferred stock and minority interest, less cash, cash equivalents and the estimated value of unconsolidated and non-radio broadcasting assets.

In examining these comparable radio broadcasting companies, Greenbridge analyzed the adjusted aggregate value of the companies as a multiple of each company's calendar year projected 2001 broadcast cash flow, or BCF, and projected 2002 BCF. Greenbridge also analyzed the equity value of each of the comparable radio broadcasting companies as a multiple of each company's calendar year projected 2001 after-tax cash flow, or ATCF, and projected 2002 ATCF. The financial projections used for the comparable radio broadcasting companies were based on Wall Street analysts' research reports. In each case, Greenbridge compared the multiples of the comparable radio broadcasting companies to the implied multiples for Aurora Communications based on the total consideration. Greenbridge's analysis of the comparable radio broadcasting companies yielded the following information:

	ADJUSTED		EQUITY VALUE AS	
	AGGREGATE VALUE AS A MULTIPLE OF ESTIMATED BCF	ESTIMATED ATCF	A MULTIPLE OF ESTIMATED BCF	ESTIMATED ATCF
	2001E	2002E	2001E	2002E
AURORA COMMUNICATIONS.....	15.3x	13.5x	25.4x	19.7x
COMPARABLE RADIO BROADCASTING COMPANIES				
Low.....	10.9x	10.5x	11.2x	10.4x

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Median.....	19.5x	16.5x	29.8x	25.4x
High.....	27.1x	25.9x	39.0x	38.1x

Using a multiple of estimated 2001 BCF of 15.0x to 20.0x yielded an implied range of aggregate values of Aurora Communications from \$220.8 million to \$294.4 million. Using a multiple of estimated 2002 BCF of 13.5x to 18.0x yielded an implied range of aggregate values of Aurora Communications from \$224.5 million to \$299.3 million. Using a multiple of estimated 2001 ATCF of 25.0x to 32.0x yielded an implied range of aggregate values of Aurora Communications from \$222.5 million to \$261.4 million. Using a multiple of estimated 2002 ATCF of 17.5x to 28.0x yielded an implied range of aggregate values of Aurora Communications from \$208.8 million to \$284.0 million. No company used in the analysis of comparable public radio broadcasting companies is identical to Aurora Communications. In evaluating the comparable publicly traded radio broadcasting companies, Greenbridge made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Cumulus Media and Aurora Communications, such as the impact of competition on Cumulus Media or Aurora Communications and the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of Cumulus Media or Aurora Communications, the industry or the financial markets in general.

Selected Precedent Transactions Analysis. As part of its analysis, Greenbridge reviewed numerous transactions involving radio broadcasting companies since 1998. Greenbridge included in this analysis only

30

transactions that involved the acquisition of radio stations or broadcasting companies of similar size to Aurora Communications or in markets similar to those in which Aurora Communications operates. Greenbridge also categorized these selected transactions into two groups based on total purchase price.

Total Purchase Price Greater Than or Equal to \$100 Million:

- January 2001: Forstmann Little & Co./Citadel Communications Corp.
- June 2000: Beasley Broadcast Group, Inc./Centennial Broadcasting, LLC
- May 2000: Citadel Communications Corp./Dick Broadcasting Company, Inc.
- January 2000: Citadel Communications Corp./Bloomington Broadcasting Holdings
- December 1999: Citadel Communications Corp./Liggett Broadcast, Inc.
- November 1999: Cumulus Media Inc./Connoisseur Communications
- October 1999: Citadel Communications Corp./Broadcasting Partners Holdings, LP
- July 1999: Entercom Communications Corp./Sinclair Broadcast Group Inc.
- July 1998: Capstar Broadcasting Corporation/Triathlon Broadcasting Company

Total Purchase Price Less Than \$100 Million:

- August 2001: Regent Communications/Communications Corporation of America

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- May 2001: Aurora Communications, LLC/Crystal Radio Group
- June 2000: Clear Channel Communications Inc./Roberts Radio LLC
- December 1999: Cumulus Media Inc./McDonald Media Group, Pacific Coast Communications
- October 1999: Aurora Communications, LLC/Westchester Radio, LLC
- October 1999: Aurora Communications, LLC/WRKI, WAXB, WINE, WPUT
- August 1999: Aurora Communications, LLC/WEBE, WICC
- April 1999: Citadel Communications Corp./Fuller-Jeffrey Broadcasting Companies, Inc.
- January 1999: Marathon Media Group LLC/Citadel Communications Corp.

For each of these transactions, Greenbridge reviewed the prices paid as a multiple of projected current year BCF and projected forward year BCF. The financial information for the precedent transactions was based on publicly available information, Wall Street analyst research reports and information provided by Aurora Communications and Cumulus Media. In each case, Greenbridge compared the multiples of the precedent transactions to the implied purchase multiple to be paid by Cumulus Media for Aurora

31

Communications based on the total consideration. Greenbridge's analysis of the precedent transactions yielded the following information:

	PURCHASE PRICE AS MULTIPLES OF BCF	
	CURRENT YEAR	FORWARD YEAR
AURORA COMMUNICATIONS.....	15.3x	13.5x
PRECEDENT TRANSACTIONS > \$ \$100 Million		
Low.....	14.1x	10.5x
Median.....	16.2x	15.1x
High.....	20.0x	18.9x
PRECEDENT TRANSACTIONS <\$100 Million		
Low.....	8.7x	6.9x
Median.....	10.8x	9.5x
High.....	12.5x	18.2x

Using a multiple of projected current year BCF of 10.0x to 18.0x yielded an implied range of aggregate values of Aurora Communications from \$147.2 million to \$265.0 million. Using a multiple of projected forward year BCF of 9.0x to 17.0x yielded an implied range of aggregate values of Aurora Communications from \$149.7 million to \$282.7 million. Using a multiple of projected current year BCF of 15.0x to 18.0x based on precedent transactions with a total purchase price greater than or equal to \$100 million yielded an implied range of aggregate values of Aurora Communications from \$220.8 million to \$265.0 million. Using a multiple of projected forward year BCF of 13.0x to 17.0x based on precedent

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

transactions with a total purchase price greater than or equal to \$100 million yielded an implied range of aggregate values of Aurora Communications from \$216.2 million to \$282.7 million.

No transaction used in the analysis of the selected precedent transactions is identical to the Aurora acquisition. In evaluating these transactions, Greenbridge made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Cumulus Media and Aurora Communications, such as the impact of competition on Cumulus Media or Aurora Communications and the industry generally, industry growth and the absence of any material adverse change in the financial condition and prospects of Cumulus Media or Aurora Communications, the industry or the financial markets in general.

Discounted Cash Flow Analysis. Using a discounted cash flow analysis, Greenbridge calculated a range of aggregate values for Aurora Communications as of December 31, 2001 based on (1) the estimated unlevered free cash flows that Aurora Communications could produce on a stand-alone basis, without giving effect to any cost savings or other combination benefits arising from the Aurora acquisition, over the five-year period from fiscal year end 2002 through fiscal year end 2006 and (2) a range of 2006 terminal earnings before interest, taxes, depreciation and amortization, or EBITDA, multiples from 11.0x to 13.0x applied to 2006 EBITDA. Greenbridge discounted these cash flows by a range of discount rates representing the weighted average cost of capital, or WACC, from 10.0% to 12.0%, resulting in a range of aggregate values as of December 31, 2001 from \$206.4 million to \$255.9 million.

Contribution Analysis. Greenbridge compared the pro forma contribution of each of Cumulus Media and Aurora Communications to the resultant combined company assuming the Aurora acquisition is

32

completed. Pro forma contribution is based on Cumulus Media's and Aurora Communications' management financial projections. Greenbridge's contribution analysis yielded the following information:

	% CONTRIBUTION	
	CUMULUS MEDIA	AURORA COMMUNICATIONS
Enterprise Value.....	79.8%	20.2%
2001E BCF.....	80.7%	19.3%
2002E BCF.....	79.1%	20.9%
2001E EBITDA.....	78.8%	21.2%
2002E EBITDA.....	76.9%	23.1%
Enterprise Value based on Stand-Alone DCF Analyses.....	79.9%	20.1%

Pro Forma Discounted Cash Flow Analysis. Greenbridge analyzed the potential impact of the Aurora acquisition on Cumulus Media's implied equity value per share using a pro forma discounted cash flow analysis. The analysis compares Cumulus Media's implied equity value per share on a stand-alone basis to the resultant combined company's implied equity value per share. Greenbridge calculated a range of implied per share equity values for Cumulus Media based on (1) the estimated unlevered free cash flows that Cumulus Media could produce on a stand-alone basis, without giving effect to any cost savings or other

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

combination benefits arising from the Aurora acquisition, over the five-year period from fiscal year end 2002 through fiscal year end 2006, (2) a range of 2006 terminal EBITDA multiples from 11.0x to 13.0x applied to 2006 estimated EBITDA and (3) a range of discount rates representing the WACC from 10.0% to 12.0%, resulting in a range of per share equity values for Cumulus Media on a stand-alone basis as of December 31, 2001 of \$10.07 to \$14.79.

Greenbridge also calculated a range of implied per share equity values for Cumulus Media based on (1) the estimated unlevered free cash flows that Cumulus Media could produce on a pro forma basis, adjusted for the Aurora acquisition, giving effect to cost savings from the elimination of Aurora Communications' overhead expenses, over the five-year period from fiscal year end 2002 through fiscal year end 2006, (2) a range of 2006 terminal EBITDA multiples from 11.0x to 13.0x applied to 2006 estimated EBITDA and (3) a range of discount rates representing the WACC from 10.0% to 12.0%, resulting in a range of per share equity values for Cumulus Media, giving pro forma effect to the Aurora acquisition, as of December 31, 2001 of \$10.38 to \$15.04.

Greenbridge's analysis indicated that completion of the Aurora acquisition would result in implied accretion to Cumulus Media's stand-alone discounted cash flow equity value per share of 1.7% to 3.1%.

Pro Forma Broadcast Cash Flow Analysis. Greenbridge analyzed the potential impact of the Aurora acquisition on Cumulus Media's Class A Common Stock, assuming that Cumulus Media's BCF multiples were to remain constant after the Aurora acquisition. The analysis used Wall Street analysts' research reports' estimates for projected 2001 and 2002 BCF and excluded potential overhead expense reductions and other potential cost savings and combination benefits. Greenbridge's analysis indicated that, based on 2001 BCF estimates, the Aurora acquisition would result in a 0.8% implied share price dilution to Cumulus Media Class A Common Stock and, based on 2002 BCF estimates, a 2.2% implied share price accretion.

Pro Forma Earnings Before Interest, Taxes, Depreciation and Amortization Analysis. Greenbridge analyzed the potential impact of the Aurora acquisition on Cumulus Media's Class A Common Stock, assuming that Cumulus Media's EBITDA multiples were to remain constant after the Aurora acquisition. The analysis used Wall Street analysts' research reports' estimates for projected 2001 and 2002 EBITDA and included assumed cost savings equal to Aurora Communications' corporate overhead expenses. Greenbridge's analysis indicated that, based on 2001 EBITDA estimates, the Aurora acquisition would result in a 12.6% implied share price accretion to Cumulus Media Class A Common Stock and, based on 2002 EBITDA estimates, a 16.3% implied share price accretion.

33

Pro Forma After-Tax Cash Flow Analysis. Greenbridge analyzed the potential impact of the Aurora acquisition on Cumulus Media's stand-alone 2001 and 2002 estimated after-tax cash flow per share. The analysis used Wall Street analysts' research reports' estimates and included assumed cost savings equal to Aurora Communications' corporate overhead expenses. Greenbridge's analysis indicated that the Aurora acquisition would be accretive to our stand-alone estimated after-tax cash flows per share for both 2001 and 2002.

The actual operating or financial results that will be achieved by the pro forma combined company may vary from projected results and such variations may be material as a result of, among other factors, industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Cumulus Media and Aurora Communications, such as the impact of competition on Cumulus Media or Aurora Communications and the industry generally, industry growth and the absence of any material adverse

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

change in the financial condition and prospects of Cumulus Media or Aurora Communications or the industry or in the financial markets in general.

Greenbridge is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions and valuations for corporate and other purposes. Our Board selected Greenbridge to act as our financial advisor based on its qualifications, expertise, reputation and knowledge of our industry. Greenbridge has not provided us with any services prior to this engagement. Greenbridge does not beneficially own, nor has it ever beneficially owned, any interest in Cumulus Media. Pursuant to an engagement letter dated October 17, 2001, Cumulus Media agreed to pay Greenbridge's fees for rendering a fairness opinion to our Board in connection with the Aurora acquisition. We have also agreed to reimburse Greenbridge for its reasonable out-of-pocket expenses (including fees of its counsel), and to indemnify Greenbridge and specific related persons against specific potential liabilities arising out of Greenbridge's rendering of services under its engagement letter.

INTERESTS OF A DIRECTOR AND PRINCIPAL SHAREHOLDER OF CUMULUS MEDIA IN THE AURORA ACQUISITION

In considering the recommendation of our Board in connection with the Aurora acquisition, you should be aware that Mr. Sheridan, one of our directors, and BA Capital, one of our principal shareholders, have interests that are different from, and in addition to, those of our other shareholders. Those interests arise because BACI, an affiliate of BA Capital, owns a majority of the equity interests in Aurora Communications and Mr. Sheridan is a senior vice president and managing director of both BA Capital and BACI. In addition, BA Securities, an affiliate of BA Capital and BACI, acted as one of the financial advisors to Aurora Communications in connection with the transaction. Furthermore, in connection with the new financing arrangements that we will enter into in order to refinance our existing indebtedness and to finance the cash portion of the Aurora acquisition, which are described in greater detail under "Financing of the Acquisitions," BA Securities is acting as joint lead arranger and joint bookrunner, and Bank of America, N.A. is acting as syndication agent. Bank of America, N.A. is also an affiliate of BA Capital and BACI. Finally, some of our other officers, directors and principal shareholders have entered into a voting agreement pursuant to which they have agreed to vote their shares of our common stock in favor of the Aurora acquisition. See "Other Aurora Acquisition Matters -- The Voting Agreement."

Our Board, without Mr. Sheridan participating, considered these interests, together with other relevant factors, in making its recommendation. These interests that are different from, or in addition to yours, are as follows:

- BA Capital, one of our principal shareholders, owns 840,250 shares, or approximately 3.0%, of our outstanding Class A Common Stock and 1,979,966 shares, or approximately 33.5%, of our outstanding non-voting Class B Common Stock, which together represent approximately 2.0% of the outstanding voting power of our common stock, as of December, 31, 2001. BACI holds approximately 73% of the ownership interests in Aurora Communications, and in connection with the Aurora acquisition, will receive approximately 8,981,148 shares of our Class B Common Stock (which may be converted on one-for-one basis into shares of Class A Common Stock) and a

warrant to purchase up to approximately 709,333 shares of our Class A Common Stock or Class B Common Stock. The number of shares, including

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

warrant shares, to be issued to BACI may increase or decrease based on the final allocation of consideration among the Aurora Sellers. BA Capital and BACI are each affiliates of Bank of America Corporation. The shares of our Class B Common Stock that BACI will receive in the Aurora acquisition will represent 62.1% of our outstanding Class B Common Stock (assuming exercise of the warrant BACI will also receive), which have no voting rights except in specified instances required by Illinois corporate law.

- If the Aurora acquisition is consummated (but without taking into account the DBBC acquisition), BA Capital and BACI will together own approximately 1.9% of the voting power of our outstanding common stock, represented by 840,250 shares of Class A Common Stock and 10,961,144 shares of Class B Common Stock. In addition, BACI will hold a warrant to acquire approximately 709,333 shares of our Class A Common Stock or Class B Common Stock. Assuming this warrant is exercised for shares of our Class B Common Stock, BA Capital and BACI would together own approximately 2.9% of our outstanding Class A Common Stock, approximately 74.8% of our outstanding Class B Common Stock, and none of our outstanding Class C Common Stock. These shares would represent 1.9% of the outstanding voting power of our common stock. Assuming conversion of the shares of Class B Common Stock and the exercise of the warrant (including the conversion of any shares of Class B Common Stock acquired under the warrant into Class A Common Stock), BA Capital and BACI would together own approximately 30.5% of our Class A Common Stock, and none of our Class B Common Stock or Class C Common Stock. These shares of our Class A Common Stock would represent 22.2% of the outstanding voting power of our common stock. Assuming that both the Aurora acquisition and the DBBC acquisition are approved by the shareholders, after giving effect to both acquisitions and to the conversion of all shares of Class B Common Stock owned by BA Capital and BACI, but none of the other shares of Class B Common Stock (including shares issuable upon exercise of the warrants to be issued to BACI), BA Capital and BACI would own about 27.0% of our outstanding Class A Common Stock, representing about 20.3% of our voting power.

- BA Capital is entitled to designate one member of our Board, and Mr. Sheridan currently serves on our Board as BA Capital's designee. Mr. Sheridan is a senior vice president and managing director of both BA Capital and BACI. Mr. Sheridan is also a managing director of Bank of America Capital Investors, or BofA Investors, one of the principal investment groups within Bank of America Corporation.

ACCOUNTING TREATMENT OF THE AURORA ACQUISITION

We will account for the Aurora acquisition using the purchase method of accounting for a business combination. Under this method of accounting, the assets and liabilities of Aurora Communications, including intangible assets, will be recorded at their fair market values and the results of operations and cash flows of Aurora Communications will be included in our financial statements in each case, prospectively from the completion of the acquisition.

GOVERNMENTAL AND REGULATORY APPROVALS

Hart-Scott-Rodino. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, the Aurora acquisition may not be completed until specified information is furnished to the Federal Trade Commission and the Antitrust Division of the Department of Justice, and specified waiting-period requirements have expired or been terminated. Cumulus Media and Aurora Communications filed the required notification and report forms with the Federal

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Trade Commission and the Antitrust Division, and on December 21, 2001, we were notified that early termination of the waiting period applicable to the Aurora acquisition had been granted.

The termination of the waiting period under the HSR Act does not preclude the Federal Trade Commission, the Antitrust Division, state authorities or private parties from challenging the Aurora

35

acquisition on antitrust grounds. We believe that the Aurora acquisition does not present any antitrust concerns.

FCC. In connection with the Aurora acquisition, Cumulus Media and Aurora Communications must comply with the applicable provisions of the Communications Act of 1934, as amended, known as the Communications Act, and the FCC's regulations, before we can complete the Aurora acquisition. In particular, the FCC must approve the transfer of control of the broadcasting licenses held by Aurora Communications' subsidiaries from its existing owners to us. As part of the FCC's determination whether to approve the Aurora acquisition, the FCC will examine whether, after completing the acquisition, we will comply with the FCC's limits on the number of radio stations that a company is permitted to own in a single market. The FCC also may conduct additional ownership concentration analyses and assess the effect on competition, diversity or other public-interest considerations.

It can be a lengthy process to obtain the requisite approvals needed from the FCC. In December 2001, we filed applications for consent to transfer control of licenses to Cumulus Media. For a period of 30 days following public notice of the applications' filing, third parties have an opportunity to file petitions-to-deny or objections against the applications. The deadline for these filings to occur was January 16, 2002 and no such petitions or objections were filed. We have received preliminary approval orders from the FCC, and we expect those orders to become final, assuming they are not challenged by third parties or changed by the FCC itself, at the close of business on March 11, 2002.

The obligations of Cumulus Media and Aurora Communications to complete the Aurora acquisition are subject to the condition that there be no decree, order or injunction from the FCC or any other governmental authority with jurisdiction over the Aurora acquisition, which prohibits the completion of the Aurora acquisition.

ABSENCE OF APPRAISAL RIGHTS

Holders of shares of our common stock will not have any appraisal rights pursuant to the Illinois Business Corporations Act in connection with the Aurora acquisition.

THE AURORA ACQUISITION AGREEMENT

The following is a summary of the material terms and conditions of the Aurora Acquisition Agreement. This summary is qualified in its entirety by reference to the Aurora Acquisition Agreement, which is attached as Appendix A and is incorporated by reference into this proxy statement. You should read the entire Aurora Acquisition Agreement carefully to fully understand its terms.

STRUCTURE OF THE AURORA ACQUISITION

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Aurora Communications is a limited liability company with 13 members. The Aurora acquisition is comprised of the following integrated components to be effected simultaneously:

- Aurora Management, a member of Aurora Communications, will merge with BA Blocker Acquisition Corp., one of our wholly owned subsidiaries;
- AA Blocker Acquisition Corp., another one of our wholly owned subsidiaries, will merge with and into Allied Aurora Acquisition Corp., one of the members of Aurora Communications that is owned jointly by Allied Capital Corporation and Allied Investment Corporation; and
- the remaining members of Aurora Communications will sell their membership interests to us directly.

In the merger of Aurora Management with BA Blocker Acquisition Corp., all issued and outstanding shares of Aurora Management common stock will convert into the right to receive approximately 8,981,162 shares of our common stock and warrants to purchase approximately 709,334 shares of our common stock at an exercise price of \$12.00 per share. In order to accommodate regulatory concerns

36

involving the ownership or control of broadcasting licenses, BACI, the holder of substantially all of the equity interests of Aurora Management, has requested that the shares of our common stock that it receives be in the form of our non-voting Class B Common Stock (and that the warrant it receives be to purchase shares of Class A Common Stock or Class B Common Stock, as elected by BACI). The remaining shareholders of Aurora Management will receive shares of our Class A Common Stock (and warrants to purchase shares of our Class A Common Stock).

In consideration for the merger of AA Blocker Acquisition Corp. with Allied Aurora Acquisition Corp., all issued and outstanding shares of Allied Aurora Acquisition Corp. common stock will convert into the right to receive approximately 399,569 shares of our Class A Common Stock and warrants to purchase approximately 31,558 shares of our Class A Common Stock at an exercise price of \$12.00 per share.

The remaining members of Aurora Communications will receive approximately 1,170,451 shares of our Class A Common Stock, warrants exercisable for approximately 92,441 shares of our Class A Common Stock at an exercise price of \$12.00 per share and approximately \$10 million in cash, in exchange for their membership interests in Aurora Communications. In addition, we will repay approximately \$83 million of existing indebtedness of Aurora Communications, based on a current projection of its debt level at the effective time of the Aurora acquisition.

The overall consideration we will pay in the Aurora acquisition is 10,551,182 shares of our common stock, warrants exercisable to purchase up to 833,333 shares of our common stock at \$12.00 per share, and \$93 million in cash, most of which will be used to retire existing indebtedness of Aurora Communications and the balance of which will be paid to the members of Aurora Communications. The allocation of the consideration among the Aurora Sellers and, therefore, the exact number of shares of Class A Common Stock, Class B Common Stock and warrants to be issued, and the amount of cash to be paid to each individual Aurora Seller will be determined immediately prior to the effective time of the Aurora acquisition by the Aurora Sellers. The aggregate number of shares of our common stock and warrants to be issued and the amount of cash to be paid will not change.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Of the common stock and cash we will issue in the Aurora acquisition, we will withhold cash, shares or a combination of both equal to an aggregate market value at the time of closing of \$5 million and place this amount into escrow. The escrowed consideration will provide a source to satisfy certain obligations which may arise after closing and for which the Aurora Sellers have agreed to reimburse us. The release of the shares or cash from escrow will be governed by an escrow agreement to be signed by representatives of the Aurora Sellers and us at the effective time of the Aurora acquisition. See "Other Aurora Acquisition Matters -- The Closing Escrow Agreement."

We will file a registration statement with the SEC for the resale of all of the shares of our Class A Common Stock that we will issue in the Aurora acquisition, including the shares of Class A Common Stock that are issuable upon conversion of the Class B Common Stock and the shares we will issue upon exercise of the warrants. We have entered into a registration rights agreement with the Aurora Sellers outlining our obligations in this matter. See "Other Aurora Acquisition Matters -- The Registration Rights Agreement."

Upon the completion of all three components of the transaction, which will occur effectively simultaneously, we will, directly or indirectly, own 100% of the membership interests in Aurora Communications.

The Aurora Acquisition Agreement allows us to assign our rights under that agreement to a wholly owned subsidiary. If we assign our rights, the actual structure of our ownership of Aurora Communications following completion of the Aurora acquisition may differ from that described above. Nevertheless, upon completion of the Aurora acquisition we will own, either directly or through one or more of our wholly owned subsidiaries, all of the membership interests in Aurora Communications.

37

THE MERGERS

The Aurora Acquisition Agreement contains conditions that must be met in order for the two mergers to be completed. After satisfaction or waiver of those conditions, the mergers will be effective at the time BA Blocker Acquisition Corp. and Allied Aurora Acquisition Corp. file certificates or articles of merger with the Secretaries of State of Delaware and Maryland, or at a later time that is set forth in those certificates or articles. BACI and Allied Aurora Acquisition Corp. remain liable for any outstanding federal, state or local taxes due by either of these corporations prior to the mergers, and will pay estimates of their tax liabilities to Cumulus Media at the effective time of the Aurora acquisition.

It is the intention that both mergers will qualify as tax-free reorganizations such that no gain or loss will be recognized by the owners of Aurora Management and of Allied Aurora Acquisition Corp. in connection with the Aurora acquisition. There are no direct tax consequences to shareholders of Cumulus Media as a result of the mergers.

THE PURCHASE AND SALE OF REMAINING MEMBERSHIP INTERESTS

The conditions in the Aurora Acquisition Agreement that must be met in order for the mergers to be completed also apply to the completion of the purchase and sale of the remaining membership interests in Aurora Communications. After satisfaction or waiver of those conditions, the purchase and sale of those membership interests will take place at the closing of the Aurora acquisition. Also at that time, we will repay existing indebtedness of

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Aurora Communications, which we estimate will be approximately \$83 million.

CONSENT BY THE FCC

The Aurora acquisition will not occur unless the FCC approves the transfer of control of the licenses held by Aurora Communications' subsidiaries to us. In order to get FCC approval, we have filed, jointly with Aurora Communications and its subsidiaries, applications for transfer of control of Aurora Communications' subsidiaries holding the licenses, permits and authorizations used by Aurora Communications' radio stations. We split the costs of the FCC-filing fees with Aurora Communications. We have also agreed to sell any media interest we acquire after the date of the Aurora Acquisition Agreement, if necessary to obtain FCC approval.

The Aurora Acquisition Agreement states that the Aurora acquisition cannot be completed unless and until the FCC order approving the transfer of control of the licenses held by Aurora Communications' subsidiaries becomes a "Final Order." Under applicable law and FCC rules, the FCC will issue an initial order on the applications, and that order will become "Final" if the order has not been challenged by third parties or changed by the FCC itself within certain prescribed time limits. We have received preliminary approval orders from the FCC, and we expect those orders to become final at the close of business on March 11, 2002.

If the FCC has not approved the transfer of control by issuing a final order within one year of the date of the Aurora Acquisition Agreement, either we or the Aurora Sellers may terminate the Aurora Acquisition Agreement. See "The Aurora Acquisition Agreement -- Termination."

CONDITIONS TO THE COMPLETION OF THE AURORA ACQUISITION

Each party's obligations to complete the Aurora acquisition are subject to the satisfaction or waiver of the following conditions:

- the FCC has approved the applications for transfer of control of Aurora Communications' licensee subsidiaries to us, and the other regulatory authorities whose approval is necessary have approved of the Aurora acquisition; and
- our shareholders have approved the Aurora acquisition.

38

Pursuant to the terms of the Aurora Acquisition Agreement, the condition that our shareholders approve the Aurora acquisition requires that those matters be approved by (a) the affirmative vote of a majority of the votes actually cast at the special meeting by holders of shares of our Class A Common Stock and Class C Common Stock, voting together as a single class, and (b) the affirmative vote of a majority of the votes actually cast at the special meeting by those holders of shares of our Class A Common Stock and Class C Common Stock (excluding any Aurora Seller or its affiliates to the extent they hold Class A Common Stock or Class C Common Stock), voting together as a single class. It is possible, therefore, that we could obtain the votes required to approve the Aurora acquisition, pursuant to the rules of The Nasdaq Stock Market, without such shareholder vote representing a majority of the votes actually cast at the special meeting by those holders of shares of our Class A Common Stock and Class C Common Stock (excluding any Aurora Seller or its affiliates to the extent they hold Class A Common Stock or Class C Common Stock), voting together as a single class. In that event, we would have obtained the shareholder vote that is

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

required by applicable regulations, but would not have obtained the higher vote requirement set forth as a condition to completion of the Aurora acquisition. That condition to completion set forth in the Aurora Acquisition Agreement may be waived, in whole or in part, by us and by the Aurora Sellers.

Our obligations to complete the Aurora acquisition are subject to the satisfaction or waiver of the following conditions:

- the representations and warranties made by the Aurora Sellers in the Aurora Acquisition Agreement and in any other certificate they delivered in connection with that Agreement were true and correct when made, and are true and correct at the closing of the Aurora acquisition (but this condition will be satisfied if all breaches in the aggregate could not reasonably be expected to have a material adverse effect on the business, operations, conditions -- financial or otherwise -- or results of operations of Aurora Communications and its subsidiaries);
- the Aurora Sellers have complied with and performed, in all material respects, each of their covenants, agreements and obligations as required by the Aurora Acquisition Agreement;
- our receipt of an opinion of our tax counsel to the effect that the merger involving Aurora Management qualifies as a tax-free reorganization under the Internal Revenue Code; and
- our receipt of the financing required to complete the Aurora acquisition.

The obligations of the Aurora Sellers are subject to the satisfaction or waiver of the following conditions:

- the representations and warranties we made in the Aurora Acquisition Agreement and in any other certificate we delivered in connection with that Agreement were true and correct when made, and are true and correct at the effective time of the Aurora acquisition (but this condition will be satisfied if all breaches in the aggregate could not reasonably be expected to have a material adverse effect on the business, operations, conditions -- financial or otherwise -- or results of operations of Cumulus Media and our subsidiaries);
- we have complied with and performed, in all material respects, each of our covenants, agreements and obligations as required by the Aurora Acquisition Agreement;
- a registration statement for resale of the shares of our Class A Common Stock to be issued to the Aurora Sellers has been declared effective by the SEC, and no stop order is in effect, and those shares have been approved for listing upon notice of issuance by The Nasdaq Stock Market;
- BACI has received an opinion from its tax counsel to the effect that the merger involving Aurora Management qualifies as a tax-free reorganization under the Internal Revenue Code; and
- we have provided evidence that all shareholder class action litigation relating to our restatement of certain revenues and expenses in the first three quarters of fiscal year 1999 has been settled or is no longer pending.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

We have made representations and warranties about us, our material subsidiaries and our respective businesses, as well as two of our other subsidiaries, BA Blocker Acquisition Corp. and AA Blocker Acquisition Corp. and their businesses, which representations and warranties are customary for a transaction of this nature. These representations and warranties relate to:

- our corporate existence, power and qualifications to do business and our subsidiaries' corporate existence, power and qualifications to do business;
- our articles of incorporation and bylaws, and our subsidiaries' articles of organization and limited liability company agreements;
- our capital structure;
- the necessary corporate authorization and governmental approvals, for us and our subsidiaries, to enter into the Aurora Acquisition Agreement and carry out the Aurora acquisition;
- the absence of a breach of our or our subsidiaries' articles of incorporation, bylaws, or material agreements, or any violation of laws to which we or our subsidiaries are subject, as a result of entering into the Aurora Acquisition Agreement and the Aurora acquisition;
- outstanding or threatened litigation against or affecting us or our subsidiaries;
- the issuance of the shares of our common stock and warrants to be issued as consideration in the Aurora acquisition;
- SEC filings we have made;
- the sufficiency of funds to permit us to consummate the Aurora acquisition;
- the truth and accuracy of the information relating to us and our subsidiaries furnished for use in this proxy statement and any registration statements we prepare in connection with the Aurora acquisition;
- certain material contracts of ours and our subsidiaries;
- the required vote of our shareholders to approve the issuance of shares and warrants for the consummation of the Aurora acquisition;
- our investment intentions as to the membership interests in Aurora Communications;
- the equity interests, debts, liabilities, obligations and operations of our subsidiaries;
- our and our subsidiaries' not being investment companies, as defined in Section 368(a) of the Internal Revenue Code or as defined by the Investment Company Act of 1940;
- the absence of any fact or circumstance that could reasonably be expected to prevent the mergers from qualifying as tax-free reorganizations under Section 368(c) of the Internal Revenue Code;
- our and our subsidiaries' FCC licenses, permits, approvals, construction permits and authorizations; and

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- the truth and accuracy of our representations and warranties.

Aurora Communications and its members (including Aurora Management, Allied Aurora Acquisitions Corp. and each of their shareholders) have also made customary representations and warranties, including as to:

- corporate existence, power and qualifications of Aurora Communications and its subsidiaries to do business and carry out the Aurora acquisition;
- the membership structure and corporate structure of Aurora Communications and its subsidiaries;

40

- the equity interests owned by Aurora Communications and its subsidiaries;
- the necessary authorizations and governmental approvals for Aurora Communications to enter into the Aurora Acquisition Agreement and carry out the Aurora acquisition;
- the absence of a breach of the certificate of organization and limited liability company agreements, or material agreements, or any violation of laws to which Aurora Communications or its subsidiaries are subject, as a result of Aurora Communications or its subsidiaries entering into the Aurora Acquisition Agreement and the Aurora acquisition;
- the financial statements and revenue reports of Aurora Communications and its subsidiaries;
- outstanding or threatened litigation against or affecting Aurora Communications or its subsidiaries;
- compliance with laws, court orders and governmental permits by Aurora Communications and its subsidiaries;
- FCC licenses, permits, approvals, construction permits, and authorizations, and authorizations from other governmental entities, held by certain subsidiaries of Aurora Communications;
- the assets of Aurora Communications and its subsidiaries;
- certain contracts of Aurora Communications and its subsidiaries;
- the accounts receivable of Aurora Communications and its subsidiaries;
- the insurance policies of Aurora Communications and its subsidiaries;
- the absence of certain changes in the respective businesses of Aurora Communications and its subsidiaries since December 31, 2000;
- the intangible property of Aurora Communications and its subsidiaries;
- environmental matters relating to Aurora Communications and its subsidiaries;
- employee benefit plans of Aurora Communications and its subsidiaries;
- labor matters relating to Aurora Communications and its subsidiaries;
- the absence of any undisclosed liabilities of Aurora Communications or its subsidiaries;

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- taxes and tax returns of Aurora Communications and its subsidiaries;
- certain barter agreements of subsidiaries of Aurora Communications;
- related-party relationships of owners of Aurora Communications, or shareholders of those owners;
- the truth and accuracy of the representations and warranties of Aurora Communications and its owners; and
- fees and expenses associated with the Aurora acquisition.

The owners of Aurora Communications, other than Aurora Management and Allied Aurora Acquisition Corp., have also made customary representations and warranties, including as to:

- title to membership interests in Aurora Communications;
- capacity, power and authority to enter into the Aurora Acquisition Agreement and the Aurora acquisition;
- the absence of a breach of charter documents, bylaws, membership agreements (or partnership agreements, if applicable), or material agreements, or a violation of laws to which the member is subject, as a result of entering into the Aurora Acquisition Agreement and the Aurora acquisition; and

41

- outstanding or threatened litigation affecting the owner's ability to consummate the Aurora acquisition.

BACI has also made customary representations and warranties, including as to:

- corporate existence, power and qualifications of Aurora Management to do business;
- the capital structure of Aurora Management;
- the corporate power and authority of Aurora Management to enter into the Aurora Acquisition Agreement and the Aurora acquisition, and the absence of a breach of the certificate of incorporation, bylaws or material agreements of Aurora Management, or a violation of laws to which Aurora Management is subject, as a result of entering into the Aurora Acquisition Agreement and the Aurora acquisition;
- outstanding or threatened litigation against Aurora Management;
- the equity interests and assets owned by Aurora Management;
- the liabilities, debts or obligations held by Aurora Management; and
- taxes and tax returns of Aurora Management.

Allied Aurora Acquisition Corp. and its shareholders have also made customary representations and warranties, including as to:

- corporate existence, power and qualifications of Allied Aurora Acquisition Corp. to do business;

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- the capital structure of Allied Aurora Acquisition Corp.;
- the corporate power and authority of Allied Aurora Acquisition Corp. to enter into the Aurora Acquisition Agreement and the Aurora acquisition, and the absence of a breach of certificate of incorporation, bylaws or material agreements of Allied Aurora Acquisition Corp., or a violation of laws to which Allied Aurora Acquisition Corp. is subject, as a result of entering into the Aurora Acquisition Agreement and the Aurora acquisition;
- outstanding or threatened litigation against Allied Aurora Acquisition Corp.;
- the equity interests and assets owned by Allied Aurora Acquisition Corp.;
- the liabilities, debts or obligations held by Allied Aurora Acquisition Corp.; and
- taxes and tax returns of Allied Aurora Acquisition Corp.

Finally, the shareholders of Aurora Management and Allied Aurora Acquisition Corp. have made customary representations and warranties, including as to:

- title to shares;
- capacity, power and authority to enter into the Aurora Acquisition Agreement and carry out the Aurora acquisition;
- the absence of a breach of charter documents, bylaws, membership or partnership agreements, if applicable, or laws or material agreements, or a violation of any laws to which they are subject, as a result of entering into the Aurora Acquisition Agreement and the Aurora acquisition; and
- outstanding or threatened litigation affecting the ability of the shareholders to consummate the Aurora acquisition.

CERTAIN COVENANTS

From the date of the Aurora Acquisition Agreement to the effective date of the Aurora acquisition, we and certain of our subsidiaries have agreed to operate our radio stations and conduct our businesses in

42

all material respects in the ordinary course of business, consistent with past practices. Specifically, we have agreed that we will, and certain of our subsidiaries will:

- operate our radio stations in a manner consistent with the normal and prudent operation of commercial broadcast radio stations of similar size and format and in accordance in all material respects with the rules and regulations of the FCC and our FCC licenses, except to the extent that failure to do so would not have a material adverse effect on us; and
- not, without consent from BACI:
- enter into any transaction where any person or group acquires at least 20% of the voting power of our common stock or where we are not the

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

surviving corporation;

- enter into a sale, lease or transfer of a material amount of our assets, or any liquidation or reorganization;
- by any act or omission, surrender, forfeit or fail to renew under regular terms, or adversely modify, the FCC authorization of a material number of our radio stations; give the FCC grounds to institute any proceedings for the revocation, suspension or modification of the FCC authorizations for a material number of our radio stations; or fail to use commercially reasonable efforts to prosecute any pending FCC applications; or
- enter into an acquisition or disposition (other than the DBBC acquisition) involving assets whose market value is at least 10% of our assets minus our liabilities, determined as of the last day of the most recently completed fiscal quarter.

Prior to the effective time of the Aurora acquisition, the Aurora Sellers have agreed that they will not, and Aurora Communications' radio stations will not:

- by any act or omission surrender, modify adversely, forfeit, or fail to renew under customary terms any of their FCC authorizations, or give the FCC grounds to institute any proceeding for the revocation, suspension or modification of any of their FCC authorizations, or fail to use commercially reasonable efforts to prosecute any pending FCC applications;
- issue or grant any option to acquire any membership interest or any other interest convertible into a membership interest in Aurora Communications or any of its subsidiaries;
- declare, set aside or pay any dividend or other distribution in respect of any membership interest of Aurora Communications, except under certain specified circumstances;
- terminate or amend any material contract, or cancel, modify or waive any material debts or claims held by Aurora Communications or any of its subsidiaries, or waive any material rights of value, except in the ordinary course of business consistent with past practice;
- do any act or omit to do any act which will cause a material breach or default in any of the material contracts of Aurora Communications and its subsidiaries;
- mortgage, pledge or subject to any lien or other encumbrance (other than those permitted by the Aurora Acquisition Agreement) any portion of the assets of Aurora Communications or any of its subsidiaries, other than pursuant to certain existing credit facilities;
- sell, transfer or otherwise dispose of any assets of Aurora Communications or any assets of its subsidiaries valued at more than \$50,000 in the aggregate;
- adopt or amend any Aurora Communications benefit plan (or any plan that would be an Aurora Communications benefit plan if adopted), except for the renewal of benefit plans in the ordinary course of business, or enter into, adopt, extend (beyond the effective time of the Aurora acquisition), renew or amend any collective bargaining agreement or other contract with any labor organization, union or association, except in each case as required by applicable laws;

- grant to any executive officer or employee of Aurora Communications or any of its subsidiaries any increase in compensation or benefits, except in the ordinary course of business and consistent with past practice or as may be required under existing agreements;
- incur, assume or guarantee any liabilities, obligations or indebtedness for borrowed money other than pursuant to certain existing credit facilities;
- except as provided in the Aurora Acquisition Agreement, pay, loan or advance any amount to, or sell, transfer or lease any assets of Aurora Communications or any of its subsidiaries to, or enter into any agreement or arrangement with, an affiliate;
- make any change in any method of accounting or accounting practice or policy other than those required by GAAP;
- except as provided in the Aurora Acquisition Agreement, acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or its division or otherwise acquire any assets that are valued, individually or in the aggregate, in excess of \$200,000;
- make or incur any capital expenditure that, individually or in the aggregate, is in excess of \$300,000;
- enter into any lease of real property, or enter into a contract with total payments of more than \$50,000 or a term of more than six months, without our consent;
- accelerate the collection of or discount or factor its accounts receivable other than in the ordinary course consistent with past practice;
- by any act or omission, permit Aurora Communications or any of its subsidiaries to undertake any action or omission which would cause it to breach any of the representations set forth in the Aurora Acquisition Agreement; or
- authorize any of, or commit or agree to take, whether in writing or otherwise, any of the actions just described.

During the period from the date of the Aurora Acquisition Agreement to the effective time of the Aurora acquisition, the Aurora Sellers have agreed to cause the business of Aurora Communications and its subsidiaries to be operated and conducted in the ordinary course and consistent with past practices. The Aurora Sellers will have sole responsibility for the Aurora Communications radio stations and their operations, and during this period, they have agreed to cause Aurora Communications and its subsidiaries to:

- operate their radio stations in a manner consistent with the normal and prudent operation of commercial broadcast radio stations of similar size and format and in accordance in all material respects with the rules and regulations of the FCC and the FCC authorizations, and file all reports, applications, responses and other documents required to be filed with respect to the radio stations during this period, and deliver to Cumulus Media within five days after filing with the FCC copies of these reports,

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

applications, responses and other documents, including a copy of any FCC inquiries to which the filing is responsive (and in the event of an oral FCC inquiry, Aurora Communications will furnish a written summary of the inquiry);

- use their commercially reasonable efforts to preserve intact the goodwill and staff of Aurora Communications and its subsidiaries and their relationships with advertisers, customers, suppliers, employees, contracting parties, governmental authorities and others having business relations with Aurora Communications or its subsidiaries;
- maintain in full force and effect all material permits which are presently held and are required for the operation of the business as presently conducted;

44

- maintain all of the material assets of Aurora Communications and its subsidiaries in a manner consistent with past practices (reasonable wear and tear excepted) and maintain the types and levels of insurance currently in effect in respect of the assets, including real property;
- subject to the Aurora Acquisition Agreement, upon any damage, destruction or loss to any material asset of Aurora Communications and its subsidiaries, apply any insurance proceeds received to the prompt repair, replacement and restoration to the condition of that asset before the event or, if required, to another (better) condition as may be required by applicable laws;
- manage the working capital of Aurora Communications and its subsidiaries consistent with past practices (except for the repayment of certain existing debt); and
- pay in full all fees and expenses associated with the Aurora acquisition, and afterward, maintain a minimum of \$500,000 in cash at the effective time of the Aurora acquisition.

Aurora Management shareholders with respect to Aurora Management, and the Allied Aurora Acquisition Corp. shareholders with respect to Allied Aurora Acquisition Corp., have agreed to operate their corporations in the ordinary and usual course of business and consistent with past practices. Prior to the effective time of the Aurora acquisition, the two corporations will not:

- issue or sell any shares of stock or securities convertible into or exchangeable for shares of stock or grant any right to purchase any shares of stock or any securities convertible into or exchangeable for shares of stock;
- declare, set aside or pay any dividend or other distribution in respect of those securities; or
- by any act or omission, undertake any action or omission which would cause Aurora Management or Allied Aurora Acquisition Corp. to breach any of the representations set forth in the Aurora Acquisition Agreement.

In addition to the covenants just described relating to the conduct of our and the Aurora Sellers' businesses, the parties have made several other covenants.

Specifically, we have made the following additional covenants:

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- from and after the effective time of the Aurora acquisition, to give access to our books and records relating to the period ending at the effective time of the Aurora acquisition, as needed for the Aurora Sellers' tax returns and other specified purposes;
- to hold the special meeting of our shareholders as soon as practicable and to prepare and file, and have cleared by the SEC, the documents appropriate for the special meeting (including this proxy statement), as well as use reasonable best efforts to obtain shareholder approval;
- not to take any actions, including the acquisition of, or agreement to, acquire media interests or to program radio stations that would cause any delay of FCC consent, or the expiration of any applicable waiting period or early termination under the HSR Act;
- to take any actions, or not take any actions, as may be necessary so that the mergers of Aurora Management into BA Blocker Acquisition Corp. and AA Blocker Acquisition Corp. into Allied Aurora Acquisition Corp. both will qualify as reorganizations under Section 368(a) of the Internal Revenue Code; and
- to make certain payments after the effective time of the Aurora acquisition to Mr. Osborn under his existing employment agreement with Aurora Communications.

The Aurora Sellers have made the following additional covenants:

- To give us access to the facilities, properties, books and records of Aurora Communications and its subsidiaries;

45

- from the date of the Aurora Acquisition Agreement to the earlier of (1) proper termination of the Agreement; (2) the effective time of the Aurora acquisition; or (3) one year from the date of the Agreement, not to:
 - sell, transfer or otherwise dispose of any equity or other interest in Aurora Management or Allied Aurora Acquisition Corp., or in Aurora Communications, its subsidiaries, or a material portion of their assets;
 - seek, provide information for, or enter into any agreement to do so; or
 - seek, provide information for, or enter into any agreement for the merger, consolidation, sale, lease or other disposition of all or any material portion of the assets, business, rights or FCC authorizations of Aurora Communications or its subsidiaries; except that any of the Aurora Sellers may transfer their interests to an affiliate, family member or trust as long as the recipient agrees to be bound by the terms of the Aurora Acquisition Agreement;
- to inform us of any notice of hazardous discharge or substance they receive from a governmental authority, and promptly conduct all necessary investigations in connection with the notice;
- to give us all regularly prepared unaudited financial statements of Aurora Communications, Aurora Management and Allied Aurora Acquisition Corp. prepared after the date of the Aurora Acquisition Agreement;
- to prepare and file all necessary tax returns, and to cooperate with us in preparing and filing tax returns for the tax period straddling the effective time of the Aurora acquisition;

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- to pay all taxes and fees in connection with the Aurora acquisition;
- to cooperate with us in all respects if we decide, at our cost, to order title insurance, surveys, environmental audits, inspections, reports or studies relating to any radio-station site or office-site of Aurora Communications or its subsidiaries; and
- to provide us information necessary for us to prepare this proxy statement and any registration statements we prepare in connection with the Aurora acquisition. They further agree that this information will not contain any statement which, when made and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omit to state any material fact necessary to correct any earlier statement that has become false or misleading.

Finally, we and the Aurora Sellers mutually agreed:

- to notify each other of any change in, or any of the information contained in, the representations and warranties described above, or of any event or circumstance which, if it had occurred on or prior to the date of the Aurora Acquisition Agreement would cause any of the representations or warranties not to be true and correct;
- to make the required filings in connection with the Aurora acquisition under the HSR Act with the Federal Trade Commission and the Antitrust Division of the United States Department of Justice, and to request early termination of the waiting period for these filings. We split the costs of these filings evenly with Aurora Communications;
- to consult with each other prior to issuing any press releases or making any announcement relating to the Aurora Acquisition Agreement or the Aurora acquisition;
- except and to the extent required by law, not to disclose or use any confidential information furnished or to be furnished in connection with the Aurora acquisition; and
- to take those actions, or refrain from taking those actions, as may be reasonably necessary so that the mergers will qualify as tax-free reorganizations under Section 368(a) of the Internal Revenue Code.

46

TERMINATION

Prior to the effective time of the Aurora acquisition, the Aurora Acquisition Agreement may be terminated as follows:

- by mutual agreement of us and the representatives of the Aurora Sellers;
- by either us or the representatives of the Aurora Sellers, if:
 - the FCC does not approve the transfer of control of the licenses held by Aurora Communications' licensee subsidiaries to us,
 - our shareholders do not approve the Aurora acquisition at a duly held meeting, or the shareholders meeting to approve the Aurora acquisition is not held by November 18, 2002,

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

- we have not completed the financing arrangements required to consummate the Aurora acquisition by the later of three business days after the receipt of our shareholders' approval of the Aurora acquisition and ten business days after the receipt of final FCC approval of the transfer of control of the FCC licenses, or

- the Aurora acquisition has not been completed by November 23, 2002;

- by us, if:
 - any of the Aurora Sellers has continued in a material breach of the Aurora Acquisition Agreement for 30 days after they receive our notice of the breach, the breach is not cured by the earlier of the end of the 30-day period or the effective time of the Aurora acquisition (but if the breach is curable and the Aurora Seller is exercising due diligence, then the cure period will continue past the 30-day period, but in any case end on the effective time of the Aurora acquisition), and we are not in breach,

 - our Board has withdrawn its approval or recommendation of the Aurora Acquisition Agreement and the Aurora acquisition, or

 - any loss, damage or other occurrence prevents broadcast transmissions by certain of Aurora Communications' radio stations for more than three continuous days, as long as we exercise this right of termination within ten days of receiving notice from Aurora Communications of the disruption in transmission. Otherwise, we may not terminate, and Aurora Communications must restore transmissions before 15 days after the date the Aurora acquisition would have been effective. If restoration would cost more than \$1 million over any insurance coverage, Aurora Communications may terminate unless we agree to bear the excess cost of restoration.

- by the representatives of the Aurora Sellers, if:
 - we have continued in a material breach of the Aurora Acquisition Agreement for 30 days after we receive notice of the breach, and the breach is not cured by the earlier of the end of the 30-day period or the effective time of the Aurora acquisition (but if the breach is curable and the Aurora Seller is exercising due diligence, then the cure period will continue past the 30-day period, but in any case end on the effective time of the Aurora acquisition), and the Aurora Sellers are not in breach, or

 - any loss, damage or other occurrence prevents broadcast transmission by 20 of our radio stations for more than three continuous days, as long as Aurora Communications exercises this right of termination within ten days of receiving notice from us of the disruption in transmission. Otherwise, Aurora Communications may not terminate, and we must restore transmissions before 15 days after the date the Aurora acquisition would have been effective. If restoration would cost more than \$1 million over any insurance coverage, we may terminate unless Aurora Communications agrees to bear the excess cost of restoration; and

- by BACI, if:
 - there is an announcement or commencement of a tender or exchange offer for our common stock that would result in a person or group owning more

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

than 50% of our common stock;

- we enter into substantive negotiations with respect to a transaction where a person or group acquires at least 50% of the voting power of our common stock or where we are not the surviving corporation;
- we enter into a sale, lease or transfer of a material amount of our assets or any liquidation or reorganization; or
- we enter into substantive negotiations with respect to an acquisition or disposition (other than the DBBC acquisition) involving assets whose market value is at least 10% of our assets minus our liabilities as of a specified time.

Upon termination of the Aurora Acquisition Agreement by any party, the other parties remain liable for any breach prior to termination and for payment and performance of their indemnification obligations. See "The Aurora Acquisition Agreement -- Indemnification."

If the Aurora Acquisition Agreement is terminated under certain specified circumstances, then Aurora Communications will receive the 770,000 shares of our common stock that were placed in escrow on the date of the Aurora Acquisition Agreement. The escrow agreement governing these shares and the conditions of their release to Aurora Communications are more fully described under "Other Aurora Acquisition Matters -- The Pre-Closing Escrow Agreement."

We have agreed to file a registration statement with the SEC to permit the resale of those 770,000 shares in the event that the Aurora Acquisition Agreement is terminated and those shares are released to Aurora Communications. We have signed a registration rights agreement outlining our obligations in this matter. See "Other Aurora Acquisition Matters -- The Registration Rights Agreement."

INDEMNIFICATION

We have agreed to reimburse any of the Aurora Sellers for any claim against them resulting from a breach of a warranty we gave or a failure to fulfill any covenant or agreement we had or any certificate we executed, including the tax representation letters that we delivered in support of the treatment of the mergers as reorganizations under the provisions of Section 368(a) of the Internal Revenue Code, in connection with the Aurora Acquisition Agreement.

The Aurora Sellers have severally agreed to reimburse us and our subsidiaries for any claim against us resulting from a breach of a warranty they gave or a failure to fulfill any covenant or agreement they had or any certificate they executed, in connection with the Aurora Acquisition Agreement. The indemnification obligation of each Aurora Seller is limited to a portion of an asserted claim, with that portion being equal to its proportionate interest in Aurora Communications, except in specified cases.

In addition, the Aurora Sellers, according to their individual interests in Aurora Communications, have agreed to reimburse us for any Federal, state or local taxes incurred by Aurora Communications or its subsidiaries up to the effective time of the Aurora acquisition. BACI, in respect of Aurora Management, and the shareholders of Allied Aurora Acquisition Corp., in respect of that company, have agreed to reimburse us for any claim against us resulting from taxes owed up to the effective time of the Aurora acquisition by Aurora Management or Allied Aurora Acquisition Corp., as the case may be, including any taxes owed by Aurora Management or Allied Aurora Acquisition Corp. as a result of the mergers, except to the extent such taxes result from a breach of the tax representation letters that we delivered in support of the mergers as constituting reorganizations under the provisions of Section 368(a) of the

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Internal Revenue Code.

Generally, each representation, warranty, indemnification, covenant and agreement by the parties to the Aurora Acquisition Agreement will survive the effective date of the Aurora acquisition. However, any

48

claim against another party for misrepresentation or breach of warranty must be made within one year of the effective time of the Aurora acquisition, subject to specified exceptions described below. Claims for reimbursement are subject to a ceiling: from the effective time of the Aurora acquisition, no party will have to reimburse another party for misrepresentation or breach of warranty in excess of \$10 million (or, in the case of a reimbursement claim we make against a specific Aurora Seller, that Seller's respective percentage interest in the ceiling amount). Claims for reimbursement are also subject to a minimum threshold: no party will have to reimburse another party until the aggregate value of reimbursement claims against the party exceeds \$250,000 (or, in the case of a reimbursement claim we make against a specific Aurora Seller, that Seller's respective percentage interest in the threshold amount). After that, the party must reimburse for all amounts in excess of the threshold (but only up to the ceiling).

(Reimbursement Chart)

Each box represents a claim for reimbursement. When added together by stacking them, liability for reimbursement is illustrated; a party is only liable for the value of claims above the threshold and below the ceiling.

The time limitation, ceiling and threshold do not apply to representations and warranties by:

- us, on organization, and on good standing and capitalization;
- Aurora Communications and its members, on organization, and on ownership structure and title to assets;
- members of Aurora Communications, other than Aurora Management and Allied Aurora Acquisition Corp., on title to membership interests, and on capacity, power and authority;
- Aurora Management and Allied Aurora Acquisition Corp., on organization and standing, on capitalization, and on no investments, operations and liabilities; and
- shareholders of Aurora Management and Allied Aurora Acquisition Corp. on title to shares and on capacity, power and authority.

Claims based on misrepresentation or breach of these representations and warranties can be brought at any time, for the full amount. The ceiling and threshold also do not apply to claims of fraud, or knowing or intentional misrepresentation or breach. All representations and warranties on taxes survive for the applicable statute of limitations and are also not subject to the ceiling and threshold. Finally, all environmental representations and warranties survive for three years or until we enter into specified transactions involving control of our voting stock or sale of our assets, but after the first anniversary of the effective time of the Aurora acquisition are subject to a threshold of \$750,000 (taking into consideration all other claims for reimbursement).

49

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

TERMS OF THE CLASS B COMMON STOCK

As part of the consideration to be paid for the ownership interests in Aurora Communications, we have agreed to issue shares of our non-voting Class B Common Stock. These shares will be issued to BACI, which has requested that the shares it receives in the Aurora acquisition be non-voting stock in order to accommodate regulatory concerns involving the ownership or control of broadcasting licenses. The terms of the Class B Common Stock are summarized below. In the Aurora acquisition, we will issue approximately 8,981,148 shares of Class B Common Stock and a warrant exercisable within one year from the date of issuance to purchase approximately 709,333 shares of Class A Common Stock or Class B Common Stock, at an exercise price of \$12.00 per share. The exact number of shares of Class B Common Stock and warrants to purchase shares of Class A Common Stock or Class B Common Stock to be issued to BACI will be determined shortly before the effective time of the Aurora acquisition.

Voting Rights. All actions submitted to a vote of our shareholders are voted on by holders of Class A Common Stock and Class C Common Stock, voting together as a single class. Holders of Class B Common Stock are not entitled to vote, except with respect to the following fundamental corporate actions:

- any proposed amendment to our articles of incorporation or bylaws;
- any proposed merger, consolidation or other business combination, or sale, transfer or other disposition of all or substantially all of our assets;
- any proposed voluntary liquidation, dissolution or termination of Cumulus Media; and
- any proposed transaction resulting in a change of control, except as set forth below.

The consent of the holders of a majority of outstanding shares of Class B Common Stock, voting separately as a class, is required to approve the fundamental corporate actions referred to above; provided that these consent rights will, with respect to any holder of Class B Common Stock, cease (and that holder's shares of Class B Common Stock will not be included in determining the aggregate number of shares of Class B Common Stock outstanding for consent purposes) upon the failure of that holder (together with its affiliates) to beneficially own at least 50% of the shares of our common stock held by that holder immediately prior to the consummation of our initial public offering on July 1, 1998. Pursuant to the shareholder agreement described under "The Shareholder Agreement; Restrictions on the Shares of Class B Common Stock," BACI has agreed to restrict the consent rights of the shares of Class B Common Stock that it receives in the Aurora acquisition.

In addition to the voting rights described above, our articles of incorporation provide that, so long as BA Capital (together with its affiliates) continues to own not less than 50% of the shares of common stock it held immediately prior to the consummation of our initial public offering on July 1, 1998, the holders of the Class C Common Stock will be entitled to elect a director, who will be a BA Capital designee, to our Board. We may not take any of the following actions without the unanimous vote of our Board (including the Class C director):

- enter into any transaction with any of our affiliates or amend or otherwise modify any existing agreement with any of our affiliates, other than transactions with affiliates that are on terms no less favorable to us than we would obtain in a comparable arm's-length transaction with a

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

person not our affiliate, and which are approved, after the disclosure of the terms of the transaction, by a vote of the majority of our Board (provided that any director that is an interested party or an affiliate of an interested party will not be entitled to vote and will not be included in determining whether a majority of our Board has approved the transaction);

- issue any shares of our Class B Common Stock or shares of our Class C Common Stock;
- acquire (by purchase or otherwise) or sell, transfer or otherwise dispose of assets having a fair market value in excess of 10% of our shareholders' equity as of the last day of the preceding fiscal quarter that financial statements are available; or

50

- amend, terminate or otherwise modify any of the provisions governing the voting or conversion rights of our Class B Common Stock or Class C Common Stock.

The holders of the Class C Common Stock have entered into an agreement with BA Capital providing that the holders of the Class C Common Stock will elect the person designated by BA Capital as the Class C director. Our articles of incorporation provide that, if BA Capital's designee is not a director and so long as BA Capital (together with its affiliates) continues to own not less than 50% of the shares of our common stock it held immediately prior to the consummation of our initial public offering, we may not take any of the actions described above without the affirmative vote of the holders of the majority of the outstanding shares of Class B Common Stock, voting separately as a class.

Dividends and Other Distributions (Including Distributions upon Liquidation or Sale of Cumulus Media). Each share of Class B Common Stock shares equally in dividends and other distributions in cash, stock or property (including distributions upon our liquidation and consideration to be received upon a sale or conveyance of all or substantially all of our assets) with all other classes of our common stock; except that in the case of dividends or other distributions payable on the common stock in shares of that stock, including distributions pursuant to stock splits or dividends, only shares of the same class will be distributed to that class. In no event will any one class of our common stock be split, divided or combined unless each other class is proportionately split, divided or combined.

Convertibility of Class B Common Stock into Class A Common Stock or Class C Common Stock. The Class B Common Stock is convertible, at the option of the holder, into Class A Common Stock or Class C Common Stock on a share-for-share basis. The holder must first receive all required authorizations from the proper governmental authorities. Pursuant to the shareholder agreement, BACI has agreed to restrict the convertibility into shares of Class C Common Stock of the Class B Common Stock that BACI receives in the Aurora acquisition.

The Class B Common Stock is also transferable. A record or beneficial owner of shares of Class B Common Stock (or Class C Common Stock that was converted from Class B Common Stock) may transfer those shares (whether by sale, assignment, gift, bequest, appointment or otherwise) to any transferee, provided that all required authorizations from the proper governmental authorities have been obtained. At the time of a transfer, the shares of transferred Class B Common Stock (or Class C Common Stock that was converted from Class B Common Stock) will convert automatically into shares of Class A Common Stock, and the transferee of the converted common stock will receive share certificates for Class A Common Stock. In addition, the transferor must pay any transfer taxes.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

As a condition to any proposed transfer or conversion, the person who intends to hold the transferred or converted shares may not be a "disqualified person." A person will be disqualified if our Board, that person or the FCC determines that the fact of ownership of shares of our common stock could, before or after giving effect to a conversion or transfer:

- cause us or any of our subsidiaries to violate the multiple, cross-ownership, cross-interest or other rules, regulations, policies or orders of the FCC;
- result in our disqualification or the disqualification of any of our subsidiaries as a licensee of the FCC; or
- would cause us to violate the provisions with respect to foreign ownership or voting of our stock or any of our subsidiaries as set forth in Section 310(b)(3) or (4) of the Communications Act, as applicable.

Upon objection by a person our Board has disqualified, we or that person shall, when appropriate, apply for a determination by the FCC. If the FCC makes no determination within 90 days from the date of the application or if we and the person determine that it is inappropriate to make any application to the FCC, we and the person agree to submit the determination to an arbitrator, mutually agreeable to us and the person.

51

In the event of a final determination that a person is disqualified, that person will promptly take any and all actions necessary or required by the FCC to cease being a disqualified person. Our articles of incorporation states that all shares of common stock will bear a legend regarding restrictions on transfer and ownership.

Preemptive Rights. Neither the Class B Common Stock nor any other class of our common stock carry any preemptive rights enabling a holder to subscribe for or receive shares of our stock of any class or any other securities convertible into shares of our stock.

Liquidation, Dissolution or Winding Up. In the event of any liquidation, dissolution or winding up of Cumulus Media, whether voluntarily or involuntarily, after

- payment or provision for payment of our debts and other liabilities, and

- the preferential amounts that the holders of any stock ranking prior to our common stock in the distribution of assets are entitled upon liquidation,

the shareholders of each of our classes of common stock will be entitled to share in our remaining assets according to their proportionate interests.

OTHER AURORA ACQUISITION MATTERS

THE PRE-CLOSING ESCROW AGREEMENT AND THE EFFECT OF TERMINATION

In connection with the Aurora acquisition, we entered into an escrow

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

agreement pursuant to which we placed 770,000 shares of our Class A Common Stock into escrow on the date of the Aurora Acquisition Agreement.

Upon receiving certain specified notices from either us or representatives of the Aurora Sellers, the escrow agent will release the 770,000 shares. The escrow agent will release the shares to Aurora Communications (the shares having become issued and outstanding only at the time the escrow agent is required to release the shares to Aurora Communications) if the Aurora Acquisition Agreement is terminated:

- by us, if (1) our shareholders do not approve the Aurora acquisition at a duly held meeting; (2) the shareholders meeting to approve the Aurora acquisition is not held by November 18, 2002; (3) our Board has withdrawn its approval or recommendation of the Aurora acquisition, or (4) we have not completed the financing arrangements required to consummate the Aurora acquisition by the later of three business days after receipt of our shareholders' approval of the Aurora acquisition and ten business days after the date the FCC issues the final order permitting the transfer of control of the FCC licenses, or
- by representatives of the Aurora Sellers, if (1) we are in continuing material breach of the Aurora Acquisition Agreement; or (2) our shareholders do not approve the Aurora acquisition at a duly held meeting, or
- by representatives of the Aurora Sellers if (1) our shareholders meeting to approve the Aurora acquisition is not held by November 18, 2002, or (2) we have not completed the financing arrangements required to consummate the Aurora acquisition by the later of three business days after receipt of our shareholders' approval of the Aurora acquisition and ten business days after the date the FCC issues the final order permitting the transfer of control of the FCC licenses, and in either case the Aurora Sellers are not in material breach of their representations, warranties or covenants under the Aurora Acquisition Agreement, or
- by BACI, if (1) there is an announcement or commencement of a tender or exchange offer for our common stock that would result in a person or group owning more than 50% of our common stock; (2) we enter into substantive negotiations with respect to a transaction where a person or group acquires at least 50% of the voting power of our common stock or where we are not the surviving

52

corporation; (3) we enter into a sale, lease or transfer of a material amount of our assets or any liquidation or reorganization, or (4) we enter into substantive negotiations with respect to an acquisition or disposition (other than the DBBC acquisition) involving assets whose market value is at least 10% of our assets minus our liabilities as of a specified time; and the tender or exchange offer or extraordinary corporate transaction is consummated within 180 days of the termination of the Aurora Acquisition Agreement.

The escrow agent will release the shares to us if:

- the Aurora Acquisition Agreement is terminated for any other reason; or
- the Aurora acquisition is consummated.

Either party may challenge the notification given to the escrow agent by the other party. Upon such a challenge, the escrow agent will seek judicial

intervention.

Should the pre-closing escrow shares be released to Aurora Communications, the value of those shares will constitute damages to Aurora Communications, and will be its (and all of its subsidiaries', members' and its members' shareholders') sole and exclusive remedy for damages against us under the Aurora Acquisition Agreement. At that point, we (or our affiliates, subsidiaries or shareholders) would have no further obligations in connection with the Aurora Acquisition Agreement.

THE CLOSING ESCROW AGREEMENT

At the effective time of the Aurora acquisition, we will enter into a second escrow agreement governing the cash, shares of our common stock or a combination of both we will withhold from the consideration due to the Aurora Sellers. The escrowed consideration will provide us with a source we can use to satisfy certain possible claims for which the Aurora Sellers have agreed to reimburse us.

If a claim subject to reimbursement is made against us within one year of the effective time of the Aurora acquisition, we will give notice to the escrow agent and to the representatives of the Aurora Sellers. If, after 30 days, there is no objection from the representatives, the escrow agent will release to us the cash value of, or the number of shares whose aggregate market value is equal to, the claim amount. The aggregate market value will be based on the market price at the time the claim is made or the effective time of the Aurora acquisition, whichever is higher.

If there is an objection within 30 days of our notice, then the escrow agent will hold the disputed amount until either we and the representatives of the Aurora Sellers agree to the proper claim amount, or until a court decides the issue.

On the first anniversary of this escrow agreement, the escrow agent will release the cash and shares remaining in escrow to the Aurora Sellers, except to the extent we have a claim against those shares which has not fully been resolved.

THE REGISTRATION RIGHTS AGREEMENT

We also entered into a registration rights agreement in which we granted specified registration rights to Aurora Communications, with respect to the 770,000 pre-closing escrow shares, and to the Aurora Sellers, with respect to the shares of our Class A Common Stock (including those shares of Class A Common Stock issued upon conversion of the Class B Common Stock or upon exercise of the warrants) being issued to them as consideration for their interests in Aurora Communications.

In the registration rights agreement we agreed to prepare and file a registration statement with the SEC that will cover the resale, on a continuous basis, of all of the pre-closing escrow shares potentially issuable to Aurora Communications. We are required to file the registration statement and to use our

commercially reasonable best efforts to cause the registration statement to be

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

declared effective by the SEC as promptly as practicable after filing, and to remain effective until the earliest to occur of:

- the effective time of the Aurora acquisition;
- the date on which these shares have been sold; or
- two years from the date the pre-closing escrow shares are issued.

We will pay all expenses associated with the registration of these shares, excluding any brokers' commissions or similar fees of securities-industry professionals, and any transfer taxes relating to the sale or disposition of these shares.

In addition, we agreed to prepare and file a second registration statement with the SEC, within 15 days following the date that this proxy statement is first sent to our shareholders. This second registration statement will cover the resale, on a continuous basis, of the shares of Class A Common Stock issued at the effective time of the Aurora acquisition (including those shares of Class A Common Stock issued upon conversion of the Class B Common Stock or upon exercise of the warrants) to the Aurora Sellers. We will use our commercially reasonable best efforts to cause this second registration statement to be declared effective by the SEC as promptly as reasonably practicable after filing and to remain effective until the earlier to occur of:

- the date on which all of those shares have been sold; or
- three years from the date the shares covered by this registration statement are issued.

We will pay all expenses associated with the registration of these shares, excluding any brokers' commissions or similar fees of securities-industry professionals, and any transfer taxes relating to the sale or disposition of these shares.

The registration rights agreement grants further rights, called demand registration rights, to BACI. Starting after 30 months from the date of the registration rights agreement, BACI can require from time to time, without limitation as to the number of times, that we register for resale any shares of our common stock that it received in the Aurora acquisition that it still holds. The agreement also grants rights, called piggyback registration rights, to the other Aurora Sellers. The piggyback registration rights allow the Aurora Sellers to have their shares of our common stock received in the Aurora acquisition included in any future public offering of our common stock. Both the demand registration rights and the piggyback registration rights expire once the shares of our common stock issued in the Aurora acquisition have all been sold or otherwise disposed of.

THE SHAREHOLDER AGREEMENT; RESTRICTIONS ON THE CLASS B COMMON STOCK

In most circumstances, holders of our Class B Common Stock are not entitled to vote on matters before our shareholders, but holders of our Class B Common Stock do have special class voting rights, or consent rights, with respect to specified fundamental corporate actions or other restricted actions, as described in our articles of incorporation. Further, holders of our Class B Common Stock may convert their shares into shares of our Class A Common Stock or our Class C Common Stock, on a one-to-one basis. For a summary of the terms of our Class B Common Stock, see "Terms of the Class B Common Stock."

In part as an inducement to us to issue shares of our Class B Common Stock to BACI, BACI has agreed to enter into a shareholder agreement with us at the effective time of the Aurora acquisition, limiting its rights as a holder of our

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Class B Common Stock with respect to the shares of our Class B Common Stock to be issued to BACI as consideration for the Aurora acquisition. Specifically, the shareholder agreement will provide that:

- BACI will not, directly or indirectly, convert the shares of Class B Common Stock issued to BACI in the Aurora acquisition into shares of our Class C Common Stock;

54

- BACI, and its affiliates, will vote the shares of Class B Common Stock issued to BACI in the Aurora acquisition with the majority of other holders of Class B Common Stock in those matters in which holders of Class B Common Stock are entitled to vote pursuant to the terms of the articles of incorporation; and
- in the event BACI, or one of its affiliates, converts shares of Class B Common Stock into Class A Common Stock, and subsequently makes a reasonable determination that it, or its affiliate, is restricted or prohibited from owning shares of Class A Common Stock because of regulatory concerns, we will, upon request, exchange those shares of Class A Common Stock for shares of Class B Common Stock, all of which shares would remain subject to the limitations of certain rights imposed by the shareholder agreement.

This shareholder agreement will terminate at the earlier of: (1) the transfer of all of the shares of Class B Common Stock issued to BACI in the Aurora acquisition to a third party; or (2) 20 years from the date of the shareholder agreement.

THE VOTING AGREEMENT

In connection with the Aurora acquisition, Lewis W. Dickey, Jr. (our Chairman, President and Chief Executive Officer, and one of our directors), John W. Dickey (our Executive Vice President, and one of our shareholders), DBBC of Georgia, L.L.C. (another of our shareholders, which is controlled by Messrs. L. Dickey, J. Dickey and their brothers, David W. Dickey and Michael W. Dickey), Richard W. Weening (one of our directors and principal shareholders), and CML Holdings, Quaestus & Co. Inc. and Quaestus Partner Fund (three more of our shareholders; and each controlled by Mr. Weening) have entered into a voting agreement with respect to their shares of our common stock. Those shareholders have agreed to vote in favor of the proposal to approve the Aurora acquisition. Together, the group represents approximately 38.2% of our voting power as of December 31, 2001, and will be deemed to be persons not affiliated with BACI or the other Aurora Sellers for purposes of determining whether the Aurora acquisition was approved by a majority of the votes actually cast at the special meeting by holders of our Class A Common Stock and Class C Common Stock who were not affiliated with BACI or the other Aurora Sellers. Additionally, the parties subject to the voting agreement, other than Mr. Weening, CML Holdings, Quaestus & Co. and Quaestus Partner Fund, have agreed not to dispose of their shares except under certain circumstances prior to completion of the Aurora acquisition.

PRIOR NOTICE OF SHARE TRANSFERS BY BACI

In connection with entering into the Aurora Acquisition Agreement, BACI, the majority-owner of Aurora Management, and BA Capital, one of our principal shareholders, have each agreed to provide us at least 60 days prior written notice of any proposed transfer, by either of them, of shares of our common stock that represent, or are convertible into shares constituting, more than 10% of the voting power of our common stock. This notice obligation begins at the

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

effective time of the Aurora acquisition, and ends 91 days later.

NON-COMPETITION AGREEMENTS

In connection with the execution of the Aurora Acquisition Agreement, we entered into non-competition agreements with Frank D. Osborn, the chief executive officer and president, and Vincent M. Cremona, a senior vice president, of Aurora Communications. Under these non-competition agreements, Mr. Osborn, for a period of three years from the effective time of the Aurora acquisition, and Mr. Cremona, for a period of one year from the effective time of the Aurora acquisition, will agree not to compete with the business of Aurora Communications in the area in which its radio stations operate. In addition, Messrs. Osborn and Cremona have agreed not to solicit or encourage any person who was an employee or consultant of Aurora Communications or its subsidiaries prior to the Aurora acquisition and who becomes an employee or consultant of us or our affiliates immediately after the Aurora acquisition to leave the employment of, or to cease to work under contract with, us or our affiliates.

55

In addition, Mr. Osborn's agreement provides that, for the three year period, he will not hire any employee who has left the employment of us or our affiliates (other than as a result of the termination of such employment by us or our affiliates) within one year after the termination of such employee's employment with us or our affiliates.

During the periods of their non-competition agreements, Messrs. Osborn and Cremona also will keep confidential and not directly or indirectly divulge, furnish, make accessible to anyone, nor use or otherwise appropriate for his own benefit or to the detriment of Aurora Communications or us, any confidential information, unless disclosure or use is required by any law or court order or the confidential information is generally known to the industry or the public.

THE WARRANTS TO PURCHASE COMMON STOCK

As described above, as part of the consideration for the ownership interests in Aurora Communications that we will acquire in the Aurora acquisition, we have agreed to issue warrants to purchase shares of our common stock to the Aurora Sellers. The warrants are exercisable in the aggregate for up to 833,333 shares of our common stock. The warrants to be issued to BACI, exercisable for up to approximately 709,333 shares, are exercisable for either our Class A Common Stock or Class B Common Stock. The warrants may be exercised at any time up to one year after the effective time of the Aurora acquisition, at an exercise price of \$12.00 per share of common stock. The number of shares subject to the warrants and the exercise price will automatically adjust to compensate for a stock dividend, stock split, stock combination or other, similar transaction that we may undertake. The warrants are not subject to redemption, and currently there are no warrants outstanding. The exact number of shares of Class A Common Stock and Class B Common Stock issuable upon exercise of the warrants will be determined immediately prior to the effective time of the Aurora acquisition. See "The Aurora Acquisition Agreement -- Structure of the Aurora Acquisition."

INFORMATION REGARDING AURORA COMMUNICATIONS

BUSINESS OF AURORA COMMUNICATIONS

Aurora Communications is a radio broadcasting platform company formed by Mr. Osborn, a longtime broadcasting industry veteran, and BACI in early 1999 to pursue a strategy of acquiring, consolidating and operating radio stations in medium-to-small-sized markets across the U.S. Since its formation, Aurora

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Communications has purchased 18 radio stations (eleven FM and seven AM) in five distinct markets surrounding the New York City metropolitan area -- (i) Westchester County, New York; (ii) Bridgeport, Connecticut; (iii) Danbury, Connecticut; (iv) Poughkeepsie, New York; and (v) Newburgh-Middletown, New York. Aurora Communications' radio stations rank first or second in revenues and ratings in their respective markets.

Aurora Communications' radio stations have developed loyal audiences, strong brand identities and long-standing relationships with advertisers and their communities. The radio stations are at different stages of development. While many are ratings and revenue leaders and enjoy high cash flow margins, several are still in the early stage of development. Almost all of the revenue of the radio stations is derived from sale of advertising time on the radio programs.

Westchester County, New York. Westchester County, New York is ranked 59th by Arbitron as an independent market with a population in excess of 900,000.

In Westchester County, Aurora Communications operates WFAS-AM/WFAS-FM/WFAF-FM. Among the local stations in Westchester County, this three station cluster was ranked first in the Fall 2001 Arbitron ratings for persons aged 25-54. WFAS-FM ranks #2 in terms of market revenue and #1 in target audience share (women aged 25-54). WFAS-FM and WFAF-FM simulcast an adult contemporary format, while WFAS-AM is programmed with an adult standards format.

56

Fairfield County, Connecticut. The Fairfield County, Connecticut market includes the Bridgeport (Arbitron ranked #110), Danbury (Arbitron ranked #194) and Stamford/Norwalk (Arbitron ranked #138) Arbitron markets.

Aurora Communications operates WEBE-FM/WICC-AM in Bridgeport. WEBE-FM, with an adult contemporary format, is the #1 revenue-generating FM radio station in the market and #1 in target audience share (women aged 25-54). Full service WICC-AM is the #1 AM radio station in the market, both in terms of revenue and target audience share. Overall, Aurora Communications' cluster in Bridgeport is a strong #1, leading in both revenue and share rankings.

The Danbury cluster of two FM stations and two AM stations, led by the powerful Class B WRKI-FM, is ranked #2 in terms of revenue and #1 in terms of target audience share (men aged 25-54). WRKI-FM has a long heritage as a rock station. WAXB-FM is programmed with an oldies format, while WINE-AM and WPUT-AM simulcast an adult standards format.

Overall, Aurora Communications' Fairfield County stations include two of the three Class B FM radio stations in the market.

Poughkeepsie, New York and Newburgh and Middletown, New York. The Poughkeepsie, New York market is located in Dutchess County, New York, while Newburgh-Middletown is in adjacent Orange County, New York. Dutchess and Orange Counties lie to the north of Westchester County and enjoy strong demographic and economic profiles as New York City suburbs. Poughkeepsie is the 160th Arbitron-ranked metro market in the U.S. and the 104th-ranked market in terms of revenue. Newburgh/Middletown is the 143rd Arbitron-ranked market with a population of over 275,000.

Aurora Communications operates WPDH-FM (classic rock) and WEOK-AM (sports), serving Poughkeepsie; WCZX-FM (oldies), licensed to Hyde Park; WZAD-FM (oldies), licensed to Wurtsboro; WRRB-FM (modern rock), licensed to Arlington; WPDA-FM (classic rock), licensed to Jeffersonville, WRRV-FM (modern rock) and WALL-AM (sports), serving Newburgh-Middletown; and WKNY-AM (full service), serving

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Kingston. The Poughkeepsie cluster is ranked either #1 or #2 in revenue and ratings.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF AURORA COMMUNICATIONS

We are providing the following Aurora Communications selected historical consolidated financial information to aid you in your analysis of the financial aspects of the Aurora acquisition. The following information is only a summary and should be read together with Aurora Communications' audited financial statements and the related notes, beginning on page F-1, and the discussion contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations of Aurora Communications" included in this proxy statement.

The selected historical consolidated financial data presented below have been derived from the audited consolidated financial statements of Aurora Communications as of December 31, 2001, 2000 and 1999, and for the years ended December 31, 2001 and 2000, and the period January 20, 1999 (commencement of operations) to December 31, 1999, included elsewhere in this proxy statement. The historical consolidated financial data of Aurora Communications are not comparable from year to year because of the acquisition of radio stations by Aurora Communications during the periods covered.

	YEAR ENDED DECEMBER 31, 2001	YEAR ENDED DECEMBER 31, 2000	PERIOD JANUARY 20 1999 TO DECEMBER 1999
	-----	-----	-----
	(DOLLARS IN THOUSANDS)		
STATEMENT OF OPERATIONS DATA:			
Net revenues.....	\$ 31,755	\$ 23,745	\$ 6,200
Station operating expenses excluding depreciation and amortization.....	17,939	12,695	3,100
Depreciation and amortization.....	4,300	3,073	820
Corporate general and administrative expenses.....	3,328	1,657	740
	-----	-----	-----
Operating income.....	6,188	6,320	1,530
Net interest expense.....	(7,451)	(7,706)	(2,100)
Other income, net.....	--	6,550	--
Net income (loss).....	(1,263)	5,164	(570)
OTHER FINANCIAL DATA:			
Broadcast Cash Flow(1).....	\$ 13,816	\$ 11,050	\$ 3,090
EBITDA(2).....	10,488	9,393	2,350
Net cash provided by (used in) operating activities.....	3,863	2,184	(910)
Net cash provided by (used in) investing activities.....	(53,867)	6,033	(98,550)
Net cash provided by (used in) financing activities.....	49,960	(8,582)	100,550
BALANCE SHEET DATA:			
Total assets.....	\$154,204	\$102,221	\$104,860
Long-term debt (including current portion).....	80,392	54,801	64,250
Members' equity.....	68,673	44,095	38,030

(1) Broadcast cash flow consists of operating income (loss) before depreciation, amortization, LMA fees, corporate expenses and restructuring and impairment charges. Although broadcast cash flow is not a measure of performance calculated in accordance with GAAP, Cumulus Media's management believes that it is useful to an investor in evaluating Aurora Communications because it is a measure widely used in the broadcasting industry to evaluate a radio company's operating performance. Nevertheless, it should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure for determining Aurora Communications' operating performance or liquidity that is calculated in accordance with GAAP. As broadcast cash flow is not a measure calculated in accordance with GAAP, this measure may not be compared to similarly titled measures employed by other companies.

58

(2) EBITDA consists of operating income (loss) before depreciation, amortization, LMA fees and restructuring and impairment charges. Although EBITDA is not a measure of performance calculated in accordance with GAAP, Cumulus Media's management believes that it is useful to an investor in evaluating Aurora Communications because it is a measure widely used in the broadcasting industry to evaluate a radio company's operating performance. Nevertheless, it should not be considered in isolation or as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure for determining Aurora Communications' operating performance or liquidity that is calculated in accordance with GAAP. As EBITDA is not a measure calculated in accordance with GAAP, this measure may not be compared to similarly titled measures employed by other companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF AURORA COMMUNICATIONS

Aurora Communications is a limited liability company that was formed in January 1999 and is engaged in the acquisition and operation of radio stations throughout the U.S. Aurora Management, Inc., is Aurora Communications' majority owner and managing member.

At December 31, 2001, Aurora Communications owned and operated eleven FM and seven AM radio stations.

On May 8, 2001, Aurora Communications acquired substantially all the assets of radio stations WPDH-FM and WEOK-AM, serving Poughkeepsie, New York; WCZX-FM, licensed to Hyde Park, New York; WZAD-FM, licensed to Wurtsboro, New York; WRRB-FM, licensed to Arlington, New York; WPDA-FM, licensed to Jeffersonville, New York; WRRV-FM and WALL-AM, serving Newburgh-Middletown, New York; and WKNY-AM, serving Kingston, New York for \$53.0 million plus transaction costs. This transaction is referred to as the Poughkeepsie acquisition. The transaction

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

was funded by additional equity contributions by Aurora Communications' members totaling \$25.0 million and additional senior debt borrowings of \$29.6 million.

On October 27, 1999, Aurora Communications acquired substantially all the assets of radio stations WFAS-AM/WFAS-FM/WFAF-FM, Westchester County, New York for \$20.3 million plus transaction costs. This transaction is referred to as the Westchester acquisition.

On October 27, 1999, Aurora Communications acquired substantially all the assets of radio stations WRKI-FM/WINE-AM, Danbury, Connecticut and WAXB-FM/WPUT-AM, Patterson, New York for \$11.3 million plus transaction costs. This transaction is referred to as the Danbury acquisition.

On August 31, 1999, Aurora Communications acquired substantially all the assets of radio stations WEBE-FM/WICC-AM, Bridgeport, Connecticut for \$66.0 million plus transaction costs. This transaction is referred to as the Bridgeport acquisition.

All of the acquisitions have been accounted for using the purchase method of accounting. Accordingly, the purchase price of each acquisition has been allocated to the assets based upon their respective estimated fair values at the date of acquisition. The results of operations of the properties acquired are included in Aurora Communications' consolidated results of operations from the respective dates of acquisition.

On November 18, 2001, Aurora Communications' members entered into an agreement to sell all the ownership interests in Aurora Communications to Cumulus Media for consideration consisting of \$93.0 million less long-term debt assumed or repaid; 10,551,182 shares of Cumulus Media common stock; and a warrant to purchase 833,333 shares of Cumulus Media common stock.

RESULTS OF OPERATIONS

Year ended December 31, 2001 and 2000. For the year ended December 31, 2001, net revenues increased by \$8.1 million, or 33.7%, to \$31.8 million from \$23.7 million in 2000. Radio station operating expenses increased by \$5.2 million, or 41.3%, to \$17.9 million in 2001 from \$12.7 million in 2000.

59

Broadcast cash flow, consisting of operating income (loss) before depreciation, amortization and corporate expenses, increased \$2.7 million, or 25.0%, to \$13.8 million in 2001 as compared to \$11.1 million in 2000. EBITDA, consisting of operating income (loss) before depreciation and amortization, increased \$1.1 million, or 11.7%, to \$10.5 million in 2001 as compared to \$9.4 million in 2000. The increases in net revenues, radio station operating expenses, broadcast cash flow and EBITDA are primarily attributable to the Poughkeepsie acquisition, which was completed in May 2001. In 2001, EBITDA decreased as a result of non-recurring charges of \$0.9 million relating to transaction expenses of the pending sale to Cumulus Media and non-cash compensation expenses of \$0.8 million.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

On a pro forma basis, as if the Poughkeepsie acquisition was completed as of January 1, 2000, net revenues increased \$0.1 million, or 0.4%, to \$35.2 million in 2001 compared to \$35.1 million in 2000. Pro forma radio station operating expenses increased by \$0.2 million, or 1.3%, to \$20.2 million in 2001 from \$20.0 million in 2000. Pro forma broadcast cash flow decreased \$0.1 million, or 0.8%, to \$15.0 million in 2001 from \$15.1 million in 2000. Pro forma EBITDA decreased \$1.8 million, or 13.3%, to \$11.7 million in 2001 from \$13.5 million in 2000. In 2001, pro forma EBITDA decreased as a result of non-recurring charges of \$0.9 million relating to transaction expenses of the pending sale to Cumulus Media and non-cash compensation expenses of \$0.8 million. After adjusting for these non-recurring items, adjusted pro forma EBITDA of \$13.4 million decreased 0.3% from 2000.

On a same station basis, comparing radio stations owned for comparable periods in 2001 and 2000, net revenues increased \$0.2 million, or 0.5%, to \$31.8 million in 2001 from \$31.6 million in 2000. Same station radio station operating expenses increased by \$0.2 million, or 1.0%, to \$18.0 million in 2001 from \$17.8 million in 2000. Same station broadcast cash flow remained flat at \$13.8 million in 2001 and 2000. Same station EBITDA decreased \$1.7 million, or 13.8%, to \$10.5 million in 2001 from \$12.2 million in 2000. In 2001, same station EBITDA decreased as a result of non-recurring charges of \$0.9 million relating to transaction expenses of the pending sale to Cumulus Media and non-cash compensation expenses of \$0.8 million. After adjusting for these non-recurring items, EBITDA was constant at \$12.2 million in 2001 and 2000.

Depreciation and amortization increased \$1.2 million, or 39.9%, to \$4.3 million in 2001 compared to \$3.1 million in 2000, primarily as a result of the Poughkeepsie acquisition. Corporate expenses increased \$1.7 million, or 101%, to \$3.3 million in 2001 from \$1.7 million in 2000. In 2001, corporate expenses include non-recurring charges of \$0.9 million relating to transaction expenses of the pending sale to Cumulus Media and non-cash compensation expenses of \$0.8 million. Operating income decreased \$0.1 million, or 2.1%, to \$6.2 million in 2001 compared to \$6.3 million in 2000.

Interest expense decreased \$0.2 million, or 3.2%, to \$7.5 million in 2001 from \$7.7 million in 2000. The decrease is the result of lower interest rates relating to Aurora Communications' senior debt, partially offset by higher principal balances following the Poughkeepsie acquisition.

Years ended December 30, 2000 and 1999. Aurora Communications was formed on January 20, 1999 and commenced operations on May 3, 1999. Its first acquisition of radio stations was completed on August 31, 1999.

For the year ended December 31, 2000, net revenues increased by \$17.5 million, or 283%, to \$23.7 million from \$6.2 million during 1999. Radio station operating expenses increased by \$9.6 million, or 309%, to \$12.7 million in 2000 from \$3.1 million in 1999. Broadcast cash flow increased \$8.0 million, or 257%, to \$11.1 million in 2000 compared to \$3.1 million in 1999. EBITDA increased \$7.0 million, or 299%, to \$9.4 million in 2000 compared to \$2.4 million in 1999. The increases in net revenues, radio station operating expenses, broadcast cash flow and EBITDA are attributable to a full year of operations for the nine radio stations acquired during the second half of 1999, as well as growth at those radio stations.

On a pro forma basis, as if the Bridgeport, Westchester and Danbury

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

acquisitions were completed as of January 1, 1999, net revenues increased \$2.2 million, or 10.5%, to \$23.7 million in 2000 compared to \$21.5 million in 1999, reflecting the strong demand for radio advertising in 2000. Pro forma radio station

60

operating expenses increased by \$0.4 million, or 3.5%, to \$12.7 million in 2000 from \$12.3 million in 1999. Pro forma broadcast cash flow increased \$1.8 million, or 19.7%, to \$11.1 million in 2000 from \$9.3 million in 1999. Pro forma EBITDA increased \$1.0 million, or 11.4%, to \$9.4 million in 2000 from \$8.4 million in 1999.

Depreciation and amortization increased \$2.2 million, or 273%, to \$3.1 million in 2000 from \$0.9 million in 1999, primarily as a result of a full year of operations for the nine radio stations acquired during 1999. Corporate expenses increased \$0.9 million, or 123%, to \$1.7 million in 2000 compared to \$0.8 million in 1999. Corporate expenses in 1999 reflect only a partial year of operations. Operating income increased \$4.8 million, or 313%, to \$6.3 million in 2000 compared to \$1.5 million in 1999.

During 2000, Aurora Communications collected an escrow deposit of \$6.5 million (net of transaction costs) relating to its terminated agreement to sell substantially all of its membership interests.

Interest expense increased \$5.6 million, or 262%, to \$7.7 million in 2000 compared to \$2.1 million in 1999. The increase is primarily the result of the timing of borrowings in 1999 to fund the Bridgeport, Westchester and Danbury acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows from operating activities. For the year ended December 31, 2001, net cash provided by operating activities increased by \$1.7 million, or 76.8%, to \$3.9 million in 2001 from \$2.2 million in 2000.

Net cash provided by operating activities increased by \$3.1 million, to \$2.2 million for the year ended December 31, 2000 as compared to net cash used in operating activities of \$0.9 million for the period ended December 31, 1999.

Cash flows from investing activities. For the year ended December 31, 2001, net cash used in investing activities increased by \$59.9 million, to \$53.9 million in 2001 as compared to net cash provided by investing activities of \$6.0 million in 2000. In May 2001, Aurora Communications acquired the assets of nine radio stations for \$53.0 million plus transaction costs. In 2000, Aurora Communications collected an escrow deposit of \$6.5 million (net of transaction costs) relating to its terminated agreement to sell substantially all of its membership interests. Capital expenditures decreased less than \$0.1 million, or 11.9%, to \$0.2 million in 2001 from \$0.3 million in 2000.

Net cash provided by investing activities increased by \$104.6 million, to \$6.0 million for the year ended December 31, 2000 as compared to net cash used in investing activities of \$98.6 million for the period ended December 31, 1999.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

During 1999, Aurora Communications acquired nine radio stations for an aggregate of \$97.5 million plus transaction costs. Capital expenditures increased \$0.1 million, or 35.6%, to \$0.3 million in 2000 from \$0.2 million in 1999.

Cash flows from financing activities. For the year ended December 31, 2001, net cash provided by financing activities increased by \$58.6 million, to \$50.0 million in 2001 as compared to net cash used in financing activities of \$8.6 million in 2000. In May 2001, Aurora Communications acquired the assets of nine radio stations for \$53.0 million plus transaction costs. The transaction was funded by additional equity contributions by Aurora Communications' members totaling \$25.0 million and additional senior debt borrowings of \$29.6 million. Aurora Communications made net principal payments on its senior debt of \$4.0 million in 2001 compared with \$9.5 million in 2000. In 2000, Aurora Communications collected an escrow deposit of \$6.5 million (net of transaction costs), which was used to repay debt principal.

Net cash used in financing activities of \$8.6 million for the year ended December 31, 2000, compares to net cash provided by financing activities of \$100.6 million for the period ended December 31, 1999. During 1999, Aurora Communications acquired nine radio stations for an aggregate of \$97.5 million plus transaction costs. The transactions were funded through the issuance of membership interests totaling \$38.6 million and borrowings under its credit facilities totaling \$64.3 million.

Long-term debt. Long-term debt (including deferred interest payable) increased \$26.6 million, to \$83.0 million at December 31, 2001, from \$56.4 million at December 31, 2000. Long-term debt to total

61

capitalization decreased between December 31, 2000 and December 31, 2001 from 56.1% to 54.7%. At December 31, 2001, Aurora Communications' senior credit facilities consisted of a \$15.5 million term loan and a \$55.0 million revolving loan. Aurora Communications also has a subordinated loan agreement with an original principal amount of \$13.5 million plus deferred interest payable of \$2.6 million at December 31, 2001. The initial borrowings under these credit facilities were used to partially fund Aurora Communications' acquisitions, pay transaction costs and provide working capital. The credit facilities contain covenants which require, among other things, that specified subsidiaries maintain certain financial levels, principally with respect to EBITDA and leverage ratios, and limit the amount of capital expenditures. The credit facilities also restrict the payment of cash dividends.

At December 31, 2001, Aurora Communications has additional availability under the revolving credit facility of \$3.6 million, of which \$2.6 million may currently be borrowed. The senior loans bear interest at LIBOR plus 3.125% and the subordinated loans bear interest at 17%, of which 12% is currently payable in cash and 5% is deferred. The senior term loan has quarterly commitment reductions through December 31, 2005, while the revolving loan matures on November 30, 2005. The subordinated loans plus accrued interest are due on September 6, 2006.

Working Capital. At December 31, 2001 and 2000, cash and cash equivalents

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

totaled \$0.7 million. Working capital increased \$1.0 million, from \$3.5 million to \$4.5 million during 2001. The change in working capital is primarily attributable to the results of operations and the Poughkeepsie acquisition.

In addition to debt service requirements, Aurora Communications' remaining liquidity demands will primarily be for capital expenditures and to meet working capital needs. Aurora Communications believes the funds generated from its existing operations are adequate to service its debt and to meet all other existing obligations in the normal course of business, and will continue to be adequate for the foreseeable future.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." Under the new rules, goodwill and indefinite lived intangible assets are no longer amortized but are reviewed annually for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, Aurora Communications will apply the new accounting rules beginning January 1, 2002. Aurora Communications anticipates that all amortization of FCC licenses as a charge to earnings will be eliminated. Amortization of FCC licenses totaled \$3,101,000, \$2,322,000, and \$667,000, respectively, in 2001, 2000 and 1999.

MARKET RISK

Aurora Communications is exposed to market risk relating to changes in the general level of U.S. interest rates. It has financed the debt portion of its acquisitions using a combination of variable rate, senior debt and fixed rate, subordinated debt. Aurora Communications does not use derivative financial instruments for trading or speculative purposes. Its management does not foresee any significant changes in the strategies used to manage interest rate risk in the near future, although the strategies may be reevaluated as market conditions dictate.

At December 31, 2001 and 2000, \$66.9 million (or 80.6%) and \$41.3 million (or 73.2%), respectively of Aurora Communications' long-term debt bears interest at variable rates. Accordingly, Aurora Communications' earnings and cash flows are affected by changes in interest rates. Assuming the end of period level of borrowings for variable rate debt and assuming a one-percentage-point change in the 2001 and 2000 interest rates under these borrowings, it is estimated that Aurora Communications' 2001 and 2000 interest expense would have changed by \$0.7 million and \$0.4 million, respectively.

THE DBBC ACQUISITION

BACKGROUND

At a regularly scheduled meeting of our Board on May 4, 2001, Lewis W. Dickey, Jr., our Chairman, President and Chief Executive Officer, suggested to members of our Board that DBBC, a limited liability company controlled by Mr.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Dickey, his brothers John W. Dickey, our Executive Vice President, Michael W. Dickey and David W. Dickey, and in which Richard W. Weening, one of our directors, through Quaestus & Co., also has a small ownership interest, had received expressions of interest in, and was exploring opportunities to sell its broadcasting operations and suggested that Cumulus Media might wish to consider acquiring the radio stations that DBBC owns in the Nashville, Tennessee market. The members of our Board agreed that a preliminary examination of a potential acquisition might be appropriate, and determined to discuss the matter further at the next meeting of the Board. The Board requested that Mr. Gausvik, our Chief Financial Officer, begin to gather and analyze summary financial and other information about DBBC in advance of the next meeting, and to consider the need for the Board to form a committee of disinterested directors, with independent financial and legal advisors, to evaluate such a proposed transaction.

At the next Board meeting on July 2, 2001, representatives of Jones, Day, our legal counsel, advised the Board on their fiduciary duties and suggested appropriate steps to evaluate an acquisition of DBBC given the interests of Messrs. L. Dickey, J. Dickey and Weening in the transaction. The Board determined that, in light of the interests of the Dickeys and Mr. Weening in DBBC, a committee of disinterested directors should be formed to evaluate the potential transaction with DBBC. After a discussion of the function, responsibilities and requirements of a special committee, the Board asked directors Holcombe T. Green and Eric P. Robison, who were considered to be disinterested and independent directors with respect to both Cumulus Media and DBBC, to serve as members of a special committee to consider the terms and conditions of a possible acquisition of the business of DBBC. The special committee was authorized to engage independent legal counsel and an independent financial advisor to consider the proposed transaction with DBBC, to negotiate the definitive terms and conditions of any such transaction and to prepare and deliver to the Board its presentation and recommendation on the appropriate course of action for Cumulus Media.

On July 2, 2001, the special committee engaged Gardner, Carton & Douglas as its legal counsel based upon that firm's qualifications and experience in special committee matters and the fact that it had not had any prior relationship with Cumulus Media, our directors or officers, or the Dickeys. Thereafter, the special committee and Gardner, Carton & Douglas discussed the role of the special committee in the proposed DBBC acquisition and considered the engagement of an independent financial advisor to the special committee for the purpose of obtaining an opinion as to the fairness of the transaction.

On July 25, 2001, DBBC, through its advisor Media Services Group Inc., submitted a proposal to the special committee that outlined a transaction by which we would acquire the broadcasting operations of DBBC, including the stock of two of its subsidiaries, in exchange for 6,120,000 shares of our common stock and the assumption of approximately \$18.5 million in liabilities.

On August 13, 2001, the special committee and Gardner, Carton & Douglas met to begin to consider the terms of the proposed transaction as set forth in the July 25, 2001 proposal, which, based upon the trading value of our Class A Common Stock at that time, had an implied value of approximately \$94.3 million, and further discussed the selection process to engage a financial advisor.

The special committee had solicited proposals from three financial advisory firms that were determined to be qualified to render advice and a fairness opinion in the media industry. After consideration of presentations by these firms, at the August 13, 2001 meeting, the special committee determined to engage Houlihan Lokey as its financial advisor.

Through August and early September 2001 the special committee held several meetings with its legal counsel and financial advisor to consider the valuation of DBBC and the course of the legal due diligence review of DBBC being conducted

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

by Gardner, Carton & Douglas. During these meetings, Houlihan Lokey

63

reviewed the value of DBBC based on several valuation methods. During this time period, Gardner, Carton & Douglas began to conduct a legal due diligence review of DBBC and Houlihan Lokey conducted financial due diligence and continued to analyze the operations of DBBC.

On September 17, 2001, the special committee, Gardner, Carton & Douglas and Houlihan Lokey discussed the transaction in light of the events of September 11, 2001, the volatility of the price of our common stock, and the markets in general, at the time, and the effect such volatility was having on identifying an appropriate price for the DBBC acquisition. Based upon these factors, the special committee suggested that the transaction be put on temporary hold. Despite the decline in the trading prices of our common stock, Mr. L. Dickey indicated to the special committee that he believed the decline was primarily related to the volatility of the trading markets after the September 11 events, and that DBBC was still interested in pursuing the potential transaction.

In late September 2001, after the stock markets had begun to stabilize, the special committee instructed Houlihan Lokey to submit a counter offer to the July 25th proposal made by DBBC. The counteroffer proposed acquiring the assets of DBBC and its subsidiaries, rather than the stock of the subsidiaries, for a purchase price consisting of 5 million shares of our common stock and the assumption of \$18.5 million in liabilities. Based on the trading value of our common stock at that time, the purchase price would be valued at approximately \$58 million. The counteroffer occasioned a series of negotiations of the terms of the transaction, all of which were the subject of several meetings of the special committee, Gardner, Carton & Douglas and Houlihan Lokey during October 2001.

During October and November 2001, negotiations continued over the structure of the acquisition, the number of shares to be issued to DBBC, the amount of liabilities to be assumed by Cumulus Media, and the exercise price of a warrant to be issued to DBBC in the transaction, which was proposed to be added as a component of the purchase price in October. The negotiations culminated in the preparation and execution of a non-binding letter of intent dated November 14, 2001. The letter of intent provided that we would purchase substantially all of the assets and assume disclosed ordinary-course liabilities of DBBC. In addition, we would purchase all of the issued and outstanding stock of Phoenix Communications Group, Inc. and Mt. Juliet Broadcasting, Inc. from DBBC in a tax-free reorganization. In consideration of these purchases, we would issue to DBBC 5,250,000 shares of our Class A Common Stock and a warrant for the purchase of an additional number of shares with a value of \$3,000,000 at the market price on the last trading day before the letter of intent was signed. It was also agreed that the liabilities and other obligations we would assume in connection with this transaction would be limited to \$21,000,000. On the morning of November 19, 2001, we issued a press release announcing that we had entered into a non-binding letter of intent with DBBC.

In the second half of November and early December 2001, the special committee and its legal and financial advisors met several times to discuss open issues in the draft acquisition agreement and other issues related to valuation of the transaction. During late November and early December 2001 the legal representatives of the special committee and of DBBC negotiated the terms and conditions of the DBBC Acquisition Agreement and related agreements.

On December 14, 2001, the special committee held a meeting, with Gardner, Carton & Douglas and Houlihan Lokey attending. Houlihan Lokey presented an analysis as to the fairness of the transaction to Cumulus Media using various valuation methodologies. Houlihan Lokey then expressed its opinion that the

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

purchase price of the DBBC acquisition was fair, from a financial point of view, to our shareholders. Counsel to the special committee reported that the agreement incorporating the terms set forth in the letter of intent had been fully negotiated and was complete. The special committee determined that the transaction was in the best interest of Cumulus Media, and adopted a resolution to such effect. Immediately following this meeting, our Board met by telephone and, after having been briefed by the members of the special committee of the basic terms and conditions of the transaction, unanimously approved the DBBC Acquisition and the execution of the DBBC Acquisition Agreement.

64

Thereafter, the DBBC Acquisition Agreement was executed, and on the morning of December 17, 2001, prior to opening of the stock markets, we issued a press release announcing that we had entered into definitive agreements relating to the DBBC acquisition.

RECOMMENDATIONS OF THE SPECIAL COMMITTEE AND THE BOARD OF DIRECTORS

At its meeting on December 14, 2001, both of the members of the special committee of our Board determined that the terms and conditions of the DBBC Acquisition Agreement were fair to, and in the best interests of, Cumulus Media and our shareholders, approved the DBBC acquisition and the related agreements, and recommended to the Board that the DBBC acquisition and related agreements be approved. Based upon the recommendation of the special committee, the Board has unanimously approved the DBBC acquisition as well. Accordingly, both the special committee and the Board recommend that you vote FOR approval of the DBBC acquisition.

In considering the recommendation of the special committee, shareholders should be aware that certain of our executive officers and directors have interests that are different from, or in addition to, those of our shareholders. See "The DBBC Acquisition -- Interests of Executive Officers and Directors of Cumulus Media in the DBBC Acquisition."

REASONS FOR THE DBBC ACQUISITION

In connection with the unanimous approval by the special committee of our Board of the DBBC Acquisition Agreement and the DBBC acquisition and its determination to recommend that our shareholders approve the DBBC acquisition, the special committee consulted with our management and with its financial and legal advisors, and considered a number of factors in determining that the DBBC acquisition is fair to, and in the best interests of, our shareholders. The decision of the special committee was based upon a number of potential benefits of the acquisition and other factors that it believes could contribute to the success of the combined company and thus inure to the benefit of our shareholders, including the following, the order of which does not necessarily reflect their relative significance:

- Anticipated reduction in debt ratios. The combined company should have lower debt leverage ratios, as measured under the credit agreement and the indenture that govern our existing indebtedness, than we currently have on our own.
- Anticipated accretion to cash flow. The combined company should have increased broadcast cash flow, increased earnings before interest, taxes, depreciation and amortization, and increased after-tax cash flow, on a per share basis, compared to Cumulus Media on its own.
- Significance of the Nashville market. Nashville, Tennessee is the number 44 ranked market in the United States, based on its population size, but

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

its importance is enhanced by its market growth and its standing as one of the country's preeminent music centers. This market would represent the largest clustered market for Cumulus Media, consistent with our strategic initiative to develop clustered positions in the top 50 Arbitron markets. Within that market DBBC's cluster of radio stations is ranked number 2 in size of audience share based upon the most recent Arbitron ratings for that market.

- Favorable market share. One of DBBC's radio stations, WQQK, has consistently been one of the top Arbitron ranked stations in the Nashville, Tennessee market, and has been the heritage urban station serving the African American community in that market for 21 years. DBBC's two developing stations achieved a 20% increase in ratings in the summer 2001 Arbitron study.
- Financial advisor's opinion. The special committee received the opinion of Houlihan Lokey that the consideration in the DBBC acquisition is fair, from a financial point of view, to us.

65

In addition, the special committee also identified and considered several potentially negative factors as risks to be balanced against the positive factors listed above, including the following, the order of which does not necessarily reflect their relative significance:

- the challenges associated with integrating radio stations in markets that previously have not been served by Cumulus Media;
- the increased concentration of ownership of shares of our common stock with members of the Dickey family; and
- the potential impact on the trading price of our common stock that could result from market overhang of the shares of common stock being issued in the DBBC acquisition, if the registration rights are exercised.

The special committee also took special note of the interests of Messrs. L. Dickey, J. Dickey and Weening in the DBBC acquisition, as discussed under "The DBBC Acquisition -- Interests of Executive Officers and Directors of Cumulus Media in the DBBC Acquisition."

After considering all of what the special committee determined to be relevant factors, as well as the form and amount of consideration to be paid, the special committee concluded that, on balance, the DBBC acquisition's potential benefits to Cumulus Media and its shareholders outweighed the associated risks.

This discussion of the factors considered by the special committee of our Board is not intended to be exhaustive. In view of the variety of material factors considered in connection with its evaluation of the DBBC acquisition, the special committee did not find it practicable to, and did not, quantify or otherwise assign relative weights to the specific factors considered in reaching its determination. In addition, the special committee conducted an overall analysis of the factors described above and, in considering these factors, individual members of the special committee may have given different weights to different factors. The special committee considered all of these factors as a whole, and ultimately considered the factors to be favorable to, and to support, its determination.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

OPINION OF HOULIHAN LOKEY HOWARD & ZUKIN FINANCIAL ADVISORS, INC.

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. The following is a brief summary and general description of the valuation methodologies utilized by Houlihan Lokey. The summary, which was prepared by Houlihan Lokey, does not purport to be a complete statement of the analyses and procedures applied, the judgments made or the conclusions reached by Houlihan Lokey or a complete description of its presentation. Houlihan Lokey believes, and so advised the special committee, that its analyses must be considered as a whole and that selecting portions of its analyses and of the factors considered by it, without considering all factors and analyses, could create an incomplete or misleading view of the process underlying its analyses and opinions.

Under the terms of the DBBC Acquisition Agreement, we will acquire all of the outstanding stock of DBBC's wholly owned subsidiaries, Phoenix Communications and Mt. Juliet Broadcasting, and will purchase substantially all of the remaining assets, and assume specified liabilities, of DBBC. Houlihan Lokey's opinion is based on the terms of the DBBC acquisition as contemplated as of the date of the opinion.

We retained Houlihan Lokey on behalf, and at the direction, of the special committee to act as financial advisor to the special committee and to render an opinion as to the fairness of the total consideration, which is described below, from a financial point of view, of the DBBC acquisition. Houlihan Lokey's opinion to the special committee addresses only the fairness of the DBBC acquisition from a financial point of view to Cumulus Media, and does not constitute a recommendation to our shareholders as to whether to vote in favor of the DBBC acquisition. Houlihan Lokey's opinion does not address our underlying business decision to effect the DBBC acquisition.

66

HOULIHAN LOKEY DELIVERED ITS WRITTEN OPINION, DATED DECEMBER 14, 2001, TO THE SPECIAL COMMITTEE THAT, AS OF THAT DATE AND SUBJECT TO THE ASSUMPTIONS AND LIMITING CONDITIONS DESCRIBED IN THE OPINION, THE CONSIDERATION TO BE PAID IN THE DBBC ACQUISITION WAS FAIR, FROM A FINANCIAL POINT OF VIEW, TO OUR SHAREHOLDERS. HOULIHAN LOKEY HAS CONFIRMED THAT OPINION IN AN OPINION, DATED THE DATE OF THIS PROXY STATEMENT. THE WRITTEN OPINION DATED DECEMBER 14, 2001 IS SUBSTANTIALLY IDENTICAL TO THE WRITTEN OPINION, DATED THE DATE OF THIS PROXY STATEMENT. THE COMPLETE TEXT OF HOULIHAN LOKEY'S OPINION, DATED THE DATE OF THIS PROXY STATEMENT, IS ATTACHED AS APPENDIX D TO THIS PROXY STATEMENT, AND IS INCORPORATED HEREIN BY REFERENCE. THE SUMMARY OF THE OPINION OF HOULIHAN LOKEY SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE WRITTEN OPINION. OUR SHAREHOLDERS ARE URGED TO READ THE ATTACHED WRITTEN OPINION CAREFULLY IN ITS ENTIRETY FOR A DESCRIPTION OF THE PROCEDURES FOLLOWED, THE FACTORS CONSIDERED AND THE ASSUMPTIONS MADE BY HOULIHAN LOKEY.

In connection with the preparation of its opinion, dated December 14, 2001, Houlihan Lokey made such reviews, analyses and inquiries as they deemed necessary and appropriate under the circumstances. Among other things, Houlihan Lokey:

1. reviewed DBBC's monthly unaudited financial statements for the twelve months ended December 31, 2000 and monthly unaudited financials for the ten months ended October 31, 2001;

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

2. reviewed a July 2001 analysis prepared by Media Services Group, on behalf of DBBC;

3. in conjunction with counsel to the special committee, reviewed copies of the following documents and other agreements relating to or including: DBBC's organizational structure; Certificate of Organization; Operating Agreement; Loan and Security Agreement; Certificate of Incorporation of Phoenix Communications Group, Phoenix of Nashville, and Phoenix of Hendersonville; Stock Purchase Agreement; Stock Pledge Agreement and Stock Power; closing documents for the Mt. Juliet transaction; documents regarding the transfer of all assets of Mt. Juliet to DBBC; and closing documents for the Mid-TN Broadcasters LLC transaction;

4. reviewed industry analyses from various services, including BIA Financial Network, Inc., Duncan's American Radio, LLC, Paul Kagan Associates, Inc., and Arbitron, Inc.;

5. met with certain members of the senior management of DBBC to discuss the operations, financial condition, future prospects and projected operations and performance of DBBC;

6. visited certain facilities and business offices of DBBC;

7. reviewed certain other publicly available financial data for certain companies that were deemed comparable to DBBC, and publicly available prices and premiums paid in other transactions that it considered similar to the DBBC acquisition;

8. reviewed drafts of certain documents to be delivered at the closing of the DBBC acquisition; and

9. conducted other studies, analyses and inquiries as Houlihan Lokey deemed appropriate.

Provided below is a summary of the financial analysis performed by Houlihan Lokey in arriving at its opinion, dated December 14, 2001, and presented to the special committee.

Consideration Paid by Cumulus Media for DBBC. The total consideration we will pay in the DBBC acquisition includes (1) 5,250,000 shares of our Class A Common Stock, (2) a warrant to purchase 250,000 shares of our Class A Common Stock at an exercise price of \$12.00 per share, and (3) assumption of specified liabilities of DBBC and payment of certain expenses, up to an aggregate of \$21 million. As of the date that we announced that we had signed the letter of intent with DBBC, the implied value of the total consideration was \$85 million. Subsequent to the announcement that we had entered into an agreement to acquire Aurora Communications and had signed a letter of intent to acquire DBBC's broadcasting operations, the trading price of our common stock increased from \$12.00 per share, on November 16, 2001, to \$14.65 per share, on December 13, 2001. Houlihan attributed the increase to various factors, including the market's reaction to the announcement of the proposed acquisitions. Based on the December 13, 2001 closing price of our Class A Common Stock of \$14.65, Houlihan Lokey valued

67

the total consideration at \$98.9 million as of the date of its letter delivered to the special committee. Due to the nature of the consideration and the fluctuations in the trading price of our Class A Common Stock on The Nasdaq

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

Stock Market, the value of the total consideration is subject to change.

Houlihan Lokey independently valued the common equity of DBBC using widely accepted valuation methodologies, including (1) the comparable publicly traded company approach; (2) the comparable transaction approach; and (3) the discounted cash flow approach. Houlihan Lokey's valuation of DBBC incorporates an analysis of each station (WQQK, WROQ and WNPL) independently and the three stations operating as a cluster.

Comparable Publicly Traded Company Approach. This approach provides indications of value based upon comparisons of the subject operating company to market values and arm's-length pricing evidence of companies involved in the same or similar lines of business. The valuation process involves the determination of market ratios, or pricing multiples, and performance fundamentals. For purposes of this analysis, Houlihan Lokey reviewed pricing evidence from a group of approximately 15 publicly traded companies engaged in the radio broadcasting industry. These radio broadcasting companies included Big City Radio Inc., Beasley Broadcast Group Inc., Cox Radio Inc., Entercom Communications Corp., Hispanic Broadcasting Corporation, Radio One Inc., Radio Unica Communications, Regent Communications Inc., Salem Communications Corp., Spanish Broadcasting System Inc., Clear Channel Communications Inc., Emmis Communications Corp., Fisher Communications Inc., Saga Communications Inc., and Entravision Communications Corp. Revenue, assets, earnings and cash flow multiples were calculated for these companies based upon daily trading prices. The multiple given the most consideration was the ratio of enterprise value, or EV, to broadcast cash flow, or BCF, referred to as the EV/BCF ratio, as observed over the latest twelve month, or LTM, reporting period and the forecasted next fiscal year performance, or 2002E.

Houlihan Lokey's analysis of these companies yielded the following information with regard to the EV/BCF ratio:

	ENTERPRISE VALUE AS A MULTIPLE OF BCF	
	LTM	2002E
COMPARABLE RADIO BROADCASTING COMPANIES		
Low.....	10.9x	11.2x
Median.....	17.3x	16.2x
Mean.....	20.2x	16.5x
High.....	47.9x	30.1x

The selected 15 publicly traded radio broadcasting companies operate multiple radio station clusters in top 100 market cities throughout the United States and ranged in size from approximately \$200 million to \$38 billion in enterprise value. While the selected publicly traded companies are larger and more diversified in comparison to DBBC, the analysis of the pricing and growth expectation of the selected public companies is important in assessing the value of DBBC relative to its future growth prospects. Houlihan Lokey's valuation analysis considers the expected market share growth of the two developing stations, WRQQ and WNPL, with the continued performance of WQQK, to be an important factor in assessing the current and projected 2002 BCF of DBBC. Moreover, Houlihan Lokey gave most consideration to DBBC's forecasted BCF performance for 2002 in assessing the value of the cluster. DBBC's implied 2002 BCF multiple was 16.5x based on the value of the consideration for DBBC of as December 13, 2001. By comparison, the median LTM and estimated 2002 BCF

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

multiples for the publicly traded companies were 17.3x and 16.2x, respectively. The comparison of the implied multiple for DBBC is favorable considering that the projected earnings growth for DBBC is greater than the median consensus growth factor for the public company group.

Comparable Transaction Approach. This approach involved the research and analysis of more than 50 merger and acquisition transactions involving radio station clusters and individual station properties over

68

the past two years. Houlihan Lokey analyzed eleven transactions of radio broadcasters that operated multiple clusters. Seven of the eleven acquisitions were under \$200 million in transaction value. Based on business line and size, the selected acquisition transactions were appropriately comparable to DBBC. The median BCF multiples for the transactions under \$200 million and for the entire group were 17.4x and 17.1x, respectively. This transaction pricing supports the implied 16.5x BCF multiple for DBBC based on the value of the consideration as of December 31, 2001.

Houlihan Lokey's analysis yielded the following results with respect to cluster acquisitions:

ANNOUNCED CLUSTER DEALS 2000-2001

	ENTERPRISE VALUE AS MULTIPLES OF LTM BCF -----
CLUSTER M&A	
TRANSACTIONS 2000-2001	
Low.....	9.5x
Median.....	17.1x
High.....	21.6x

The single station analysis was considered fundamental to the overall analysis because of the disparity among DBBC's three stations and the overall valuation approach. Houlihan Lokey considered this approach the most applicable of the valuation approaches for DBBC because the market a station serves determines much of a station's value. The market characteristics and station attributes can be more easily seen within individual station acquisitions compared with publicly traded radio stations that may own multiple cluster stations. Houlihan Lokey identified 38 acquisitions, for the years 2000 to 2001, that involved purchases of single FM radio stations located in the top 100 markets in the United States. These transactions ranged in size from under \$1 million to just over \$10 million in annual revenue. Nine of these transactions involved acquisitions of radio stations in cities ranked between the 40th to 50th largest markets in the United States. The median BCF multiple for these transaction is 17.6x. The Nashville market is one of the top fifty markets in the country. Based on the transactions involving radio stations with revenue less than \$1 million, which Houlihan Lokey viewed as a gauge for valuing developing radio stations, or sticks, Houlihan Lokey developed indications of value for WRRQ and WNPL of \$20 million to \$27 million. The indications of value for WQQK suggest a range of implied multiples from 15.0x to 16.0x, which is supported by the transaction data presented below.

Edgar Filing: CUMULUS MEDIA INC - Form DEFM14A

ENTERPRISE VALUE AS MULTIPLES OF LTM BCF

ALL		MARKETS 40-50	
Low.....	1.9x	Low.....	3.3x
Median.....	13.8x	Median.....	17.6x
High.....	32.7x	High.....	24.5x

REVENUES