

CUMULUS MEDIA INC
Form DEF 14A
May 17, 2002

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**SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

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)

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- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

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Cumulus Media Inc.

Annual Meeting of Shareholders

June 14, 2002

Notice of Meeting and Proxy Statement

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Cumulus Media Inc.

**3535 Piedmont Road
Building 14, Fourteenth Floor
Atlanta, GA 30305**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
to be held on June 14, 2002**

To the Shareholders of Cumulus Media Inc.:

The 2002 Annual Meeting of Shareholders of Cumulus Media Inc., an Illinois corporation, sometimes referred to as the Company or Cumulus, will be held at 3535 Piedmont Road, Building 14, Level C, Atlanta, Georgia, 30305 on June 14, 2002 at 10:00 a.m., local time, for the following purposes:

(1) to re-elect Lewis W. Dickey, Jr. as a Class III director;

(2) to approve a proposal to change the state of incorporation of the Company from Illinois to Delaware by merging the Company into a wholly owned subsidiary of the Company that is incorporated under the laws of Delaware, referred to as the Reincorporation Proposal, which reincorporation will cause certain changes to the Company's articles of incorporation and by-laws, all of which is more fully described in the accompanying proxy statement;

(3) to ratify the Board's selection of KPMG LLP as our independent auditors for 2002;

(4) to approve an amendment to the Cumulus Media Inc. Amended and Restated 1998 Employee Stock Purchase Plan to increase the shares available for purchase by 1,000,000; and

(5) to transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Only holders of record of Class A Common Stock or Class C Common Stock at the close of business on May 3, 2002 are entitled to notice of, and to vote at, the Annual Meeting or any postponement or adjournment thereof. A list of such shareholders will be open for examination by any shareholder at the time and place of the meeting.

Holders of a majority of the outstanding shares of Class A Common Stock and Class C Common Stock must be present in person or by proxy in order for the meeting to be held. Therefore, shareholders are urged to date, sign and return the accompanying proxy card in the enclosed envelope whether or not they expect to attend the annual meeting in person. If you attend the meeting and wish to vote your shares personally, you may do so by revoking your proxy at any time prior to the voting thereof.

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

May 17, 2002

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Cumulus Media Inc.

**3535 Piedmont Road
Building 14, Fourteenth Floor
Atlanta, Georgia 30305**

May 17, 2002

PROXY STATEMENT

General Matters

Date, Time and Place for the Annual 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 of Directors for the Annual Meeting of Shareholders to be held on Friday, June 14, 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 that meeting. This proxy statement and the accompanying proxy card are being sent to our shareholders commencing on or about May 17, 2002.

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 May 3, 2002, referred to as the record date, are entitled to notice of, and to vote at, the Annual 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. Abstentions and broker non-votes (i.e., proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owners or other persons entitled to vote shares as to a matter with respect to which brokers or nominees do not have discretionary power to vote) will be treated as present for purposes of determining a quorum. A list of shareholders of record will be available for examination at the time and place of the Annual Meeting. As of May 3, 2002, there were 35,931,511 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 simple majority of the voting power represented by shares of Class A Common Stock and Class C Common Stock present in person or by proxy at the Annual Meeting is required to elect directors, approve the amendment of the 1998 Stock Purchase Plan and to ratify the appointment of our auditors for 2002. The approval of the Reincorporation Proposal requires the vote of a majority of the total voting power represented by outstanding shares of Class A Common Stock and Class C Common Stock, voting together as a single class. Abstentions, withheld votes and broker non-votes, which will be counted for purposes of determining shares outstanding for purposes of a quorum, will have the effect of votes against each of these proposals.

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 separately as a class, is required to approve the Reincorporation Proposal. We expect to receive the consent of holders of a majority of the outstanding shares of our Class B Common Stock entitled to exercise those consent rights prior to the Annual Meeting. Holders of Class B Common Stock are not entitled to vote on any other proposals expected to come before the Annual Meeting.

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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 Annual 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** the individual nominated to serve as director and **FOR** each of the other proposals.

If you have given a proxy pursuant to this solicitation, you may nonetheless revoke it by attending the meeting and voting in person. In addition, you may revoke any proxy you give at any time before the 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 meeting, or at the 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 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 described in this proxy statement, no other matter is expected to come before the Annual Meeting. If any other business properly comes before the Annual Meeting, the persons named in the proxy will vote in their discretion to the extent permitted by law.

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Proposals You May Vote On

1. Election of a Director

One Class III director of our Board will be elected at the Annual Meeting. The Class III director will serve until the 2005 annual meeting of shareholders or until he is succeeded by another qualified director who has been elected. No other class of directors has a term that expires this year. The nominee for re-election as a director is:

Class III Director	Lewis W. Dickey, Jr.
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Detailed information about Mr. Dickey is provided in Members of the Board of Directors elsewhere in this Proxy Statement. The Board has no reason to believe that the nominee will be unable to serve as a director. If for any reason the nominee becomes unable to serve, the persons named in the proxy will vote for the election of such other person as the Board may recommend.

Your Board recommends a vote FOR the election of the nominee for Class III director.

2. Reincorporation of the Company

The Board has unanimously approved the reincorporation of the Company in the State of Delaware. Through the reincorporation, the state of incorporation of Cumulus Media Inc. would be changed from Illinois to Delaware.

To accomplish the reincorporation, the Board has unanimously adopted a Certificate of Ownership and Merger, referred to as the Merger Agreement, a copy of which is attached as *Appendix A* to this proxy statement, providing for the merger of the Company into Cumulus Delaware Inc., a wholly owned subsidiary of the Company that has recently been formed pursuant to the Delaware General Corporation Law, or DGCL, for this purpose. The name of the Company after the merger will not be changed. For the sake of clarity in the discussion of this proposal, the Company before the merger is sometimes referred to as Cumulus Illinois and the Company after the merger is sometimes referred to as Cumulus Delaware.

If the Reincorporation Proposal is approved by the shareholders, when the merger is completed we will have a new certificate of incorporation and by-laws and will be governed by Delaware law. This will result in some changes, described below, in the rights of shareholders of the Company.

At the effective time of the reincorporation, the same individuals who serve as the directors and officers of Cumulus Illinois will become the directors and officers of Cumulus Delaware, and there will be no change in directors or officers as a result of the reincorporation.

The Reincorporation Proposal will not result in any change in the business or management of the Company, nor will it change our name or the location of our principal executive offices. Our common stock is listed on the Nasdaq National Market, and application will be made to list the Cumulus Delaware Common Stock on the Nasdaq National Market. Following the merger, each share of each class of common stock of Cumulus Illinois will automatically be converted into one share of a corresponding class of Cumulus Delaware common stock. Each class of Cumulus Delaware common stock will have the identical rights and restrictions as its corresponding class of Cumulus Illinois common stock. Furthermore, each share of the 13 3/4% Series A Cumulative Exchangeable Redeemable Preferred Stock due 2009, referred to as the Series A Preferred Stock, will automatically be converted into a share of 13 3/4% Series A Cumulative Exchangeable Redeemable Preferred Stock due 2009 of Cumulus Delaware, referred to as the Series A Preferred Stock of Cumulus Delaware. The preferences, rights and restrictions of the Cumulus Delaware Series A Preferred Stock will be equivalent to that of the Cumulus Illinois Series A Preferred Stock. Cumulus Illinois common stock certificates will be deemed automatically to represent an equal number of shares of Cumulus Delaware common stock, and Cumulus Illinois preferred stock certificates will be deemed automatically to represent an equal number of shares of Cumulus Delaware preferred stock. Following the reincorporation, previously outstanding Cumulus Illinois stock certificates

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may be delivered in effecting sales through a broker, or otherwise, of shares of Cumulus Delaware common stock. **It will not be necessary for you to exchange your existing stock certificates for stock certificates of Cumulus Delaware.**

If approved by the Company's shareholders, we anticipate that the reincorporation will be completed as soon as practicable after receiving that approval. However, the reincorporation may be abandoned, and the Merger Agreement may be amended or terminated, either before or after shareholder approval, if circumstances arise that, in the opinion of the Board, make such action advisable. However, following shareholder approval, none of the principal terms may be amended without further shareholder approval.

No Federal or state regulatory requirements must be complied with and no approval must be obtained in connection with the Reincorporation Proposal, other than with regard to Federal securities and state blue sky laws, and applicable filings with the Federal Communications Commission.

Reasons for the Reincorporation Proposal

For many years Delaware has followed a policy of encouraging incorporation in that state, and, in furtherance of that policy, has adopted comprehensive, modern and flexible corporate laws which are updated and revised periodically to meet changing business needs. Delaware courts have developed considerable expertise in dealing with corporate issues, and a substantial body of case law has developed construing Delaware law and establishing public policies with respect to Delaware corporations. The Board believes that this environment provides greater predictability with respect to corporate legal affairs and allows a corporation to be managed more efficiently.

Certain Changes in the Company's Articles and By-Laws to be Made by the Reincorporation

The following discussion summarizes the material differences between the certificate of incorporation and by-laws of Cumulus Delaware and the articles of incorporation and by-laws of Cumulus Illinois. If the Reincorporation Proposal is approved and the merger under the Merger Agreement is accomplished, the shareholders of the Company will become subject to the certificate of incorporation and by-laws of Cumulus Delaware. The certificate of incorporation of Cumulus Delaware is identical in all material respects to the articles of incorporation of Cumulus Illinois except that Cumulus Delaware will have a larger number of shares of authorized but undesignated preferred stock than Cumulus Illinois currently has authorized. With that exception, there are no substantive differences between the certificate of incorporation of Cumulus Delaware and the articles of incorporation of Cumulus Illinois. A copy of the by-laws of Cumulus Delaware are attached as *Appendix B* to this proxy statement, and all statements herein concerning the by-laws are qualified by reference to the exact provisions in that document.

Takeover Provisions. Delaware and Illinois each have a law that is similar in concept and which prevents an interested shareholder (defined under Delaware law as a holder who acquires 15% or more of a target company's stock) from entering into a business combination with the target company within three years after the date it acquired such stock. However, a business combination is permitted if (a) prior to the date that shareholder became an interested shareholder, the board of directors of the target company approved either the business combination or such acquisition of stock, (b) at the time the interested shareholder acquired such 15% interest, it acquired 85% or more of the outstanding stock of the corporation, excluding shares held by directors who are also officers and shares held under certain employee stock plans, or (c) the business combination is approved by the target company's board of directors and two-thirds of the outstanding shares voting at an annual or special meeting of shareholders, excluding shares held by the interested shareholder. This provision applies automatically except in the case of corporations with less than 2,000 shareholders of record and without voting stock listed on a national exchange or authorized for quotation with a registered national securities association. Additional exceptions allow corporations, in certain instances, to adopt charter or by-law provisions that elect not to be governed by these provisions. Neither the articles of incorporation or by-laws of Cumulus Illinois, nor the certificate of incorporation or by-laws of Cumulus Delaware, contain a provision electing not to be governed by these provisions.

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Vote Required for Routine Shareholder Action. In accordance with Delaware law and the governing instruments of Cumulus Delaware, unless a different number of votes is required by statute or the certificate of incorporation (such as for the approval of a merger, sale of all or substantially all of the Company's assets or similar extraordinary transactions or an amendment to the certificate of incorporation), acts of shareholders on routine matters may be taken by a majority of the votes cast on the matter where a quorum (a majority of the outstanding shares eligible to vote) is present. Illinois law and the governing instruments of Cumulus Illinois provide the same voting requirements for routine matters. Neither the articles of incorporation or by-laws of Cumulus Illinois, nor the certificate of incorporation or by-laws of Cumulus Delaware, contain a provision establishing a higher voting requirement for routine matters. As a result, the voting requirements on routine matters will be effectively the same after the reincorporation as are currently in effect for Cumulus Illinois.

Preferred Stock. Under both Illinois and Delaware law, a corporation may have an authorized class of preferred stock, the rights of which may be established by the Board without shareholder approval. The articles of incorporation of Cumulus Illinois currently authorize 262,000 shares of preferred stock, of which 250,000 shares have been designated as 13 3/4% Series A Cumulative Exchangeable Redeemable Preferred Stock due 2009, and 12,000 shares have been designated as 12% Series B Cumulative Preferred Stock. Cumulus Delaware's certificate of incorporation will include a provision whereby 20,262,000 shares of preferred stock, referred to as undesignated preferred stock, will be authorized for issuance in the discretion of the Board without further shareholder action. Of those 20,262,000 shares of authorized preferred stock, 250,000 shares will be designated as 13 3/4% Series A Cumulative Exchangeable Redeemable Preferred Stock due 2009 having the same terms and conditions as those designated by Cumulus Illinois' articles of incorporation, and 12,000 shares will be designated as 12% Series B Cumulative Preferred Stock, having the same terms and conditions as those designated by Cumulus Illinois' articles of incorporation. The additional shares of undesignated preferred stock authorized under Cumulus Delaware's certificate of incorporation will be available for issuance for proper corporate purposes, such as for future financing and acquisition transactions. The Board believes it to be in the best interests of the Company to authorize undesignated preferred stock to ensure that an ample number of these shares are available for issuance if such issuance becomes desirable.

The 20,000,000 shares of undesignated preferred stock of Cumulus Delaware may be issued in one or more series at such time or times and for such consideration as shall be authorized from time to time by the Board. The Board will be authorized to fix the designation of each series of undesignated preferred stock and the relative rights, preferences, limitations, qualifications, powers or restrictions thereof, including the number of shares comprising each series, the dividend rates, redemption rights, rights upon voluntary or involuntary liquidation, provisions with respect to a retirement or sinking fund, conversion rights, voting rights, if any, preemptive rights, other preferences, qualifications, limitations, restrictions and special or relative rights of the series not inconsistent with the provisions of the certificate of incorporation.

Pre-emptive Rights. Under Illinois law and Delaware law shareholders do not have pre-emptive rights to subscribe for additional shares of stock, except to the extent provided in the charter. Neither the articles of incorporation of Cumulus Illinois nor the certificate of incorporation of Cumulus Delaware grants pre-emptive rights to shareholders.

Indemnification. Under Illinois law and Delaware law a corporation may indemnify directors and officers who are or are threatened to be made parties to civil, criminal, administrative or investigative proceedings, by reason of the fact that such person was a director or officer of the corporation, against expenses, judgments, fines and amounts paid in settlement if such person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the corporation and with respect to criminal proceedings had no reasonable cause to believe that the conduct was unlawful. Both states' statutes provide that they shall not be deemed to be exclusive of any rights to which a person seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise. Both states' statutes provide that a corporation may purchase insurance on behalf of any director or officer against liability incurred by such person in such capacity whether or not the corporation would have power to indemnify such person against such liability under the statute. Under

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Illinois law, expenses incurred by a director or officer in defending a proceeding may be advanced by the corporation prior to final disposition of the matter if such person undertakes to repay such amount unless it shall be ultimately determined that such person is entitled to be indemnified by the corporation pursuant to the statute. Under Delaware law, expenses incurred by a director or officer in defending a proceeding may be advanced by the corporation prior to final disposition of the matter if such person undertakes to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation pursuant to the statute. The by-laws of Cumulus Illinois provide that indemnification of directors and officers may be provided in accordance with the foregoing statutory provisions. The by-laws of Cumulus Delaware specifically provide that directors and officers shall be indemnified to the full extent permitted by Delaware law. Under Illinois law, a corporation is required to notify its shareholders when indemnity has been paid or expenses advanced. There is no similar provision under Delaware law.

Personal Liability of Directors. Both Illinois and Delaware law permit a corporation to have in its articles or certificate of incorporation a provision which limits or eliminates the personal liability of directors to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, subject to certain exceptions. The Company currently has such a provision in effect and, if the reincorporation is accomplished, Cumulus Delaware will have such a provision in its certificate of incorporation. The Company believes that such a provision permits directors to make corporate decisions on the merits free from any desire to avoid the risk of personal liability. This provision has no effect upon any liability that a director may have to shareholders under Federal securities laws or upon the availability to shareholders of equitable remedies.

Removal of Directors. Under Illinois law, directors may be removed with or without cause by the vote of the holders of a majority of outstanding shares entitled to vote, unless, in the case of a corporation whose board is classified, the articles of incorporation provide that directors may be removed only for cause. Although Cumulus Illinois has a classified board, the Cumulus Illinois articles of incorporation do not specify that directors may be removed only for cause.

Under Delaware law, unless the certificate of incorporation provides otherwise, in the case of a corporation whose board is classified, shareholders may effect removal of directors only for cause. The board of Cumulus Delaware will be classified, but its certificate of incorporation will contain a provision permitting removal of directors with or without cause.

Filling Vacancies on Board of Directors. As permitted by Illinois law, the by-laws of Cumulus Illinois provide that vacancies on the Board may be filled by the remaining directors. A director so appointed would, however, serve only until the next meeting of shareholders at which directors are elected. The by-laws of Cumulus Delaware contain a similar provision.

Cumulative Voting in Election of Directors. The Company currently does not have, nor will Cumulus Delaware have, cumulative voting in the election of directors. Cumulative voting gives shareholders the right to cast as many votes as are equal to the number of directors to be elected times the number of shares held, which votes may be allocated among the candidates or voted for one candidate, as the holder desires. As a result, shareholders holding a significant percentage of the outstanding shares entitled to vote in the election of directors may be able to assure the election of one or more directors. Without cumulative voting, holders of a substantial number of the shares of Common Stock may not have enough voting power to control the election of any directors.

Vote Required for Extraordinary Events. Under Illinois law the affirmative vote of the holders of at least two-thirds of outstanding shares entitled to vote is required in order to approve mergers, consolidations, mandatory share exchanges, sales of substantially all assets and charter amendments, unless the articles of incorporation supersede that requirement by specifying a smaller or larger vote requirement. Under Delaware law the affirmative vote of the holders of a majority of outstanding shares entitled to vote would generally be required in order to approve such transactions, unless the certificate of incorporation provides for a larger vote requirement. Cumulus Illinois' articles of incorporation include a provision specifying that a majority vote, rather than a supermajority, is required for approval of such acts, and Cumulus Delaware's certificate of incorporation will not specify a larger-than-majority vote. As a result,

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such acts will be subject to the same vote requirement as a Delaware corporation as they are as an Illinois corporation.

Call of Special Meetings by Shareholders. The Illinois Business Corporation Act, or IBCA, permits special meetings of shareholders to be called by the president, the board of directors or the holders of at least one-fifth of all of the outstanding shares entitled to vote on the matter for which the meeting is called. The DGCL provides that special meetings of shareholders may be called by the board of directors or such other persons as may be designated by the certificate of incorporation or by the by-laws. The Company currently has a by-law which allows only (a) the Board, pursuant to a resolution adopted by three-quarters of the entire Board; or (b) the Board, upon the demand of the holders of record of shares representing at least 20% of all the voted entitled to be cast on the issue, to call a special meeting. If the Reincorporation Proposal is approved Cumulus Delaware will have such a provision in its by-laws.

Shareholders Dissenter's Rights. The IBCA permits shareholders to dissent and receive payment for their shares with respect to: (a) the consummation of a plan of merger, consolidation or share exchange that requires shareholder approval or involves the merger of that corporation into its parent corporation or into another subsidiary corporation of its parent corporation; (b) the consummation of a sale, lease or exchange of all or substantially all of a corporation's property and assets other than in the ordinary course of business; or (c) an amendment to a corporation's articles of incorporation that materially and adversely affects a shareholder's rights because it alters or abolishes preferential or redemption rights. The Company's shareholders are entitled to exercise certain dissenter's rights in the event the Reincorporation Proposal is approved by the shareholders. These rights are summarized below under Rights of Dissenting Shareholders.

Under the DGCL, shareholders will be entitled to dissenter's right in a merger or consolidation involving the Company except that the DGCL does not provide dissenter's rights for (1) shares that are either listed on a national securities exchange or widely held (by more than 2,000 shareholders) if the shareholders receive only shares of the surviving corporation, shares of a listed or widely held corporation, or cash in lieu of fractional shares, (2) shareholders of a corporation surviving certain types of mergers when no vote of such shareholders is required to approve the merger, or (3) a merger of a parent corporation and a subsidiary of the parent corporation, except that the shareholders of the subsidiary corporation shall have appraisal rights in the event the parent corporation does not own all of the shares of the subsidiary corporation. Thus, if the Reincorporation Proposal is consummated, dissenter's rights available to the shareholders of the Company will be more limited under Delaware law than under Illinois law.

Rights of Dissenting Shareholders

Shareholders who do not vote in favor of the Reincorporation Proposal and who follow certain other procedures summarized below have the right to dissent from, and obtain payment for, their shares in the event of the consummation of the Reincorporation Proposal. The following is a summary of the provisions of the IBCA which specify the procedures to be followed by any shareholder who wishes to dissent and demand payment for his shares in the event of consummation of the Reincorporation Proposal. The provisions of the IBCA are set forth in their entirety in *Appendix C* attached to this proxy statement, and this summary is qualified by reference to these provisions.

Since we have furnished to shareholders in this proxy statement information with respect to the Reincorporation Proposal in order to enable a shareholder to evaluate the Reincorporation Proposal and to determine whether or not to exercise dissenter's rights, a shareholder may assert these rights only if (a) the shareholder delivers to the Company, within 30 days from the mailing of this proxy statement, a written demand for payment for his shares in the event the Reincorporation Proposal is consummated, and (b) the shareholder does not vote in favor of the Reincorporation Proposal. If a shareholder votes in favor of the Reincorporation Proposal, he will not be entitled to dissent and demand payment for his shares, and a dissenting vote on the Reincorporation Proposal will not satisfy the above requirement that a written demand for payment be delivered to the Company.

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Within the later of (1) ten days after the merger under the Merger Agreement is accomplished, or (2) 30 days after the shareholder delivers to the Company his written demand for payment, the Company will send to this shareholder, referred to as a dissenting shareholder, a statement setting forth the Company's opinion as to the estimated value of the dissenting shareholder's shares, referred to as a statement of value, the Company's balance sheet as of the end of its fiscal year ended December 31, 2001, its income statement for its fiscal year ended December 31, 2001, and its latest interim financial statements, together with either a commitment to pay for the shares of the dissenting shareholder at the estimated value thereof upon transmittal to the Company of the certificate or certificates, or other evidence of ownership with respect to such shares, or an instruction to the dissenting shareholder to sell his shares within ten days after delivery of the Company's statement of value. The Company may instruct the dissenting shareholder to sell only if there is a public market for the shares at which the shares may be readily sold. Since the shares of Cumulus Illinois are traded on the Nasdaq National Market, the Company anticipates that there will be such a public market for the shares of Cumulus Delaware. If the dissenting shareholder does not sell his shares within this ten-day period after being so instructed by the Company, he shall be deemed to have sold these shares at the average of the bid and asked price of such shares on the Nasdaq National Market during the ten-day period.

If the dissenting shareholder does not agree with the Company's opinion regarding the estimated value of the shares and wishes to preserve appraisal rights, the dissenting shareholder must, within 30 days from the Company's delivery to the dissenting shareholder of the statement of value, notify the Company of the dissenting shareholder's estimate of value and demand payment for the difference between the dissenting shareholder's estimate of value and the amount of the payment by the company or the proceeds of sale by the dissenting shareholder, whichever is applicable because of the procedure of which the Company opted.

If the Company and the dissenting shareholder are unable to agree on the value of the shares within 60 days from delivery to the dissenting shareholder of the Company's statement of value, the Company must either pay the difference in value demanded by the dissenting shareholder or file a petition in the circuit court for the county in which either the registered office or the principal office of the Company is located, requesting the court to determine the fair value of the shares. The Company shall make all dissenters, whether or not residents of Illinois, whose demands remain unsettled, parties to the proceeding as an action against their shares, and must serve all parties with a copy of the petition. Nonresidents may be served by registered or certified mail or by publications as required by law.

Each dissenting shareholder made a party to the proceeding is entitled to judgment for the amount, if any, by which the court determines that the fair value of his shares exceeds the amount offered to be paid by the Company or the proceeds of sale by the dissenting shareholder, whichever amount is applicable. The judgment will include an allowance for interest at such rate as the court may find to be fair and equitable in all the circumstances, from the date on which the Reincorporation Proposal is approved to the date of payment.

The court, in such an appraisal proceeding, will determine all costs of the proceeding, including the reasonable compensation and expenses of the appraisers, if any, and experts employed by any party, but will exclude the fees and expenses of counsel for any party. If the fair value of the shares as determined by the court materially exceeds the amount which the Company offered to pay for those shares, or if no offer was made, then all or any part of such expenses may be assessed against the Company.

Federal Income Tax Consequences of the Reincorporation

Although we have not received an opinion of legal counsel with respect to the tax effects of the merger under the Merger Agreement, we believe that, for Federal income tax purposes, the merger will constitute a reorganization under the Internal Revenue Code of 1986, as amended, referred to as the Tax Code, and that no gain or loss will be recognized by holders of Cumulus stock as a result of the merger. Each shareholder of Cumulus Delaware will have the same tax basis in his Cumulus Delaware stock as he had in the Cumulus Illinois stock held immediately prior to the effective time of the merger, and the holding period of the Cumulus Delaware stock will include the period during which the shareholder held

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Cumulus Illinois stock, provided that he held the Cumulus Illinois stock as a capital asset at the effective time of the merger.

If a shareholder exercises dissenter's rights, the receipt of cash for shares of stock pursuant to the exercise of dissenter's rights will be a taxable transaction for Federal income tax purposes to the dissenting shareholder receiving such cash and may be a taxable transaction for state or local tax purposes as well.

The Company also believes that it will not recognize gain, loss or income for Federal income tax purposes as a result of the merger under the Merger Agreement, and that Cumulus Delaware generally will succeed, without adjustment, to the tax attributes of Cumulus Illinois as specified in Section 381(c) of the Tax Code.

The foregoing is only a general description of certain of the Federal income tax consequences of the merger to shareholders, without regard to the particular facts and circumstances of each shareholder's tax situation. State, local or foreign income tax consequences to shareholders may vary from the Federal tax consequences described above. Accordingly, shareholders are urged to consult their own tax advisors with respect to the Federal, state, local and foreign tax consequences of the merger to them.

Your Board recommends a vote FOR the Reincorporation Proposal.

3. Ratification of the Appointment of KPMG LLP as Independent Auditors

Upon the recommendation of the Audit Committee of the Board, and subject to ratification by the Company's shareholders at the Annual Meeting, the Board has appointed KPMG LLP as the Company's independent auditors for the fiscal year ending December 31, 2002. KPMG LLP has served as the Company's independent auditors since May 5, 2000. From May 5, 2000 until December 31, 2000, KPMG LLP also provided certain non-audit services to the Company.

Audit Fees

KPMG LLP has billed the Company \$720,999, in the aggregate, for professional services rendered by KPMG LLP for the audit of the Company's annual financial statements for the fiscal year ended December 31, 2001 and reviews of the interim financial statements included in the Company's Forms 10-Q filed during the fiscal year ended December 31, 2001.

Financial Information Design and Implementation Fees

KPMG LLP has not rendered any professional services described in paragraph (c)(4)(ii) of Rule 2-01 of Regulation S-X for the Company during the fiscal year ended December 31, 2001.

All Other Fees

KPMG LLP has billed \$86,980, in the aggregate, for all other services it rendered (other than those described above) during the fiscal year ended December 31, 2001.

Representatives of KPMG LLP will be present at the Annual Meeting to make any statement they may desire and to respond to appropriate questions from shareholders.

Former Independent Auditors

On April 17, 2000, the Company was notified by PricewaterhouseCoopers LLP, referred to as PwC, that it was resigning as independent auditors of the Company.

The reports of PwC on the Company's consolidated financial statements as of December 31, 1999 and 1998 and for each of the years then ended did not contain an adverse opinion or a disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles.

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During the period from January 1, 1998 through April 17, 2000, PwC and the Company did not have any disagreement on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of PwC, would have caused it to make reference to the subject matter of the disagreement in connection with its reports on the consolidated financial statements of the Company for the years ended December 31, 1999 or 1998.

Except for the matters reported in the following paragraph, during 1998, 1999 and through PwC's resignation on April 17, 2000, there were no reportable events as defined in Regulation S-K Rule 304(a)(1)(v).

PwC informed the Audit Committee of the Board of the following material weaknesses, which came to PwC's attention in connection with the audit of the consolidated financial statements of the Registrant for the year ended December 30, 1999: (a) the internal controls over the recognition of revenue failed to detect, on a timely basis, that spot, package billing and non-traditional revenues had been recorded in advance of when the spots aired or events occurred, and (b) the Company's internal controls over related party transactions failed to ensure, on a timely basis, that amendments to related party service agreements were appropriately reviewed and approved prior to being recorded in the financial records of the Company.

As a result, PwC expanded the scope of its testing relating to revenue recognition for the year ended December 31, 1999.

As previously disclosed by the Company, the Company requested that PwC furnish a letter addressed to the Securities and Exchange Commission stating whether PwC agreed with the above statements. A copy of such letter, dated April 24, 2000, was attached as an exhibit to the Company's Current Report on Form 8-K, filed on April 24, 2000.

Your Board recommends a vote FOR the ratification of KPMG LLP as the Company's independent auditors.

4. Approval of an Amendment to the 1998 Employee Stock Purchase Plan

Introduction

The Company currently maintains the Amended and Restated 1998 Stock Purchase Plan, referred to as the 1998 Plan, under which employees may purchase shares of Class A Common Stock from the Company at a discount to market prices. The Board has recommended that the 1998 Plan be amended, subject to approval of the shareholders, to increase the aggregate number of shares of Class A Common Stock available for purchase under the 1998 Plan from 1,000,000 shares to 2,000,000, an increase of 1,000,000 shares.

A summary of the 1998 Plan, as proposed to be amended, is set forth below. The summary is qualified in its entirety by reference to the full text of the 1998 Plan, as proposed to be amended, which is attached as *Appendix D* to this proxy statement.

Purpose

The purpose of the 1998 Plan is to provide eligible employees of the Company with the opportunity to purchase shares of Class A Common Stock through one or more annual offerings. The Board believes that this provides a stronger incentive for these employees to work for continued success of the Company.

Eligibility

All employees of Cumulus are eligible to participate in the 1998 Plan, subject to certain limitations imposed by the Tax Code. Employees are eligible to participate in the 1998 Plan for a given calendar year if they are employed on the first day of the year. As of May 1, 2002, there were approximately 2,382 employees eligible to participate in the 1998 Plan.

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General Operation of the 1998 Plan

The 1998 Plan is intended to qualify as an employee stock purchase plan within the meaning of Section 423 of the Tax Code. Employees who elect to participate may have up to 15 percent of their compensation from the Company withheld pursuant to the 1998 Plan. The amount withheld is then used to purchase shares of Class A Common Stock on the last day of the purchase period. The price of Class A Common Stock purchased under the 1998 Plan during a purchase period is equal to 85 percent of the lower of the fair market value of the Class A Common Stock at the beginning of the purchase period or the market value on the last trading day of the purchase period. Since the shares are purchased at less than market value, employees receive a benefit from participating in the 1998 Plan.

An employee may not be granted a purchase right for a purchase period if immediately after the grant, he or she would own five percent or more of the total combined voting power or value of all classes of stock of the Company. A participant cannot receive purchase rights that, in combination with purchase rights under other plans qualified under Section 423 of the Tax Code, would result during any calendar year in the purchase of shares having an aggregate fair market value of more than \$25,000. Purchase rights granted under the 1998 Plan are not transferable except by will or by the laws of descent and distribution and are exercisable only by the participant during the employee's lifetime.

Shares Subject to the 1998 Plan

A total of 1,000,000 shares of Class A Common Stock are currently reserved for issuance upon the purchase of shares by participants under the 1998 Plan, subject to appropriate adjustment for stock dividends, subdivision or consolidation of outstanding shares or certain corporate transactions involving Cumulus.

As of May 1, 2002, there were 389,656 shares of Class A Common Stock remaining available for purchase under the 1998 Plan. The Board proposes that an additional 1,000,000 shares of Class A Common Stock be reserved for issuance under the 1998 Plan, together with such additional number of shares of Class A Common Stock as may from time to time be issued pursuant to the adjustment provisions contained in the 1998 Plan.

Federal Income Tax Consequences to the Company and to Participants

The following is a general summary of the federal income tax consequences of participation in the 1998 Plan, based on Federal tax laws and regulations as in effect on May 1, 2002. The tax consequences of participating in the 1998 Plan may vary with respect to individual situations.

The grant or exercise of purchase rights under the 1998 Plan will have no tax impact on the participant or the Company. If a participant disposes of Class A Common Stock acquired under the 1998 Plan after at least two years from the first day of the applicable purchase period and one year from the date of purchase of the shares, then the participant will be deemed to have received ordinary taxable income in the calendar year of disposition in an amount equal to the lesser of (1) the original 15 percent discount on the shares assuming the shares had been purchased on the offering date (i.e., the excess of the fair market value of the stock at the time the option is granted over the option price), or (2) the participant's actual gain (the excess of the fair market value of the shares of Class A Common Stock on the date of disposition over the price paid for the shares). Any further gain, upon a sale of such shares, is taxed as a long-term capital gain. If a participant holds Class A Common Stock at the time of his or her death, the holding period requirements are automatically deemed to have been satisfied. The Company will not be allowed a deduction if the holding period requirements are satisfied. If a participant disposes of Class A Common Stock before the holding period is satisfied, then the participant will be deemed to have received ordinary taxable income in the calendar year of disposition in an amount per share equal to the difference between the price paid for the share and the market value of the share on the date it was purchased. Any additional gain will be treated as long-term or short-term capital gain, depending on how long the participant has held the stock. The Company will be allowed a deduction equal to the amount of ordinary income recognized by the participant.

Table of Contents**Benefits to Named Executive Offices and Others**

During 2001, the following employees and groups participated in the 1998 Plan. Because participation in the 1998 Plan is voluntary, the benefits or amounts that will be received in the future by any person or group under the 1998 Plan cannot presently be determined. The closing sale price of the Company's Class A Common Stock on the Nasdaq National Market on May 1, 2002 was \$18.94 per share.

Name and Position	Stock Purchase Plan	
	Dollar Value(1)	Shares of Common Stock Purchased under the 1998 Plan
Lewis W. Dickey Chairman, President and Chief Executive Officer	not eligible to participate	
Jonathon G. Pinch Executive Vice President, President and Chief Operating Officer	\$ 101,900.18	7,843
Martin R. Gausvik Executive Vice President, Chief Financial Officer and Treasurer	\$ 101,900.18	7,843
John W. Dickey Executive Vice President	not eligible to participate	
All Current Executive Officers as a Group (including the above)	\$ 203,800.36	15,686
All Non-Executive Directors as a Group	\$ not applicable	
All Non-Executive Employees as a Group	\$7,726,094.07	594,658

- (1) Represents the difference between the market price of our Class A Common Stock on December 31, 2001 (\$16.18 per share) and the price paid by participants to purchase shares under the 1998 Plan in 2001. That price was derived as set forth in the 1998 Plan, by calculating 85% of the lower of the market price of our Class A Common Stock on January 2, 2001 (\$3.75) and December 31, 2001 (\$16.18), resulting in a purchase price for 1998 Plan participants of \$3.1875 for 2001.

Your Board recommends a vote FOR the approval of the amendment of the Amended and Restated 1998 Stock Purchase Plan.

Table of Contents**SECURITY OWNERSHIP OF CUMULUS MEDIA S COMMON STOCK**

The following table lists information concerning the beneficial ownership of the common stock of the Company as of March 31, 2002 (unless otherwise noted) by (i) each director and named executive officer of the Company and their affiliates, (ii) all directors and executive officers as a group, and (iii) each person known to the Company to own beneficially more than 5% of any class of common stock of the Company.

Name of Shareholder	Class A Common Stock(1)		Class B Common Stock(1)		Class C Common Stock(1)(2)		Percentage of Voting Control
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage	
BancAmerica Capital Investors SBIC I, LP(3)			9,650,763	62.0%			
B.A. Capital Company, L.P.(3)	881,625	2.5%	1,979,996	13.3%			1.7%
State of Wisconsin Investment Board(4)			3,240,619	21.8%			
Richard W. Weening(5)(6)	447,877	1.3%			2,266,437	84.4%	37.2%
CML Holdings, LLC(6)	74,045	*%			872,422	57.0%	18.6%
Quaestus & Co. Inc.(6)	101,000	*			237,313	15.5%	4.9%
DBBC of Georgia, LLC(7)	95,000	*			291,542	19.1%	6.0%
DBBC, LLC(7)	5,500,000	15.5%					10.8%
John Hancock Financial Services, Inc.(8)	3,424,190	9.7%					6.8%
Dimensional Fund Advisors(9)	2,448,200	6.9%					4.8%
Lewis W. Dickey, Jr.(10)	6,004,240	36.8%			1,490,389	57.3%	33.8%
John W. Dickey(11)	350,416	*					*
Martin R. Gausvik(11)	182,843	*					*
Jonathon G. Pinch(11)	100,593	*					*
Robert H. Sheridan, III(12)							*
Ralph B. Everett(13)	40,250	*					*
Eric P. Robison(13)	39,375	*					*
Holcombe T. Green, Jr.(13)	7,500	*					*
All directors and executive officers as a group (8 persons)	6,735,531	18.5%			1,490,389	57.3%	34.7%

* Indicates less than one percent.

- (1) Except upon the occurrence of certain events, holders of Class B Common Stock are not entitled to vote, whereas each share of Class A Common Stock entitles its holders to one vote and subject to certain exceptions, each share of Class C Common Stock entitles its holders to ten votes. The Class B Common Stock is convertible at any time, or from time to time, at the option of the holder of the Class B Common Stock (provided that the prior consent of any governmental authority required to make the conversion lawful has been obtained) without cost to s