

CUMULUS MEDIA INC

Form 10-K

March 02, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

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

For the fiscal year ended December 31, 2014

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 00-24525

Cumulus Media Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State of Incorporation)

3280 Peachtree Road, N.W.

Suite 2300

Atlanta, GA 30305

(404) 949-0700

(Address, including zip code, and telephone number, including area code, of registrant's principal offices)

Securities Registered Pursuant to Section 12(b) of the Act:

None

Securities Registered Pursuant to Section 12(g) of the Act:

Class A Common Stock, par value \$.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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Large accelerated filer

Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

The aggregate market value of the registrant's outstanding voting and non-voting common stock held by non-affiliates of the registrant (assuming, solely for the purposes hereof, that all officers and directors (and their respective affiliates), and 10% or greater stockholders of the registrant are affiliates of the registrant, some of whom may not be deemed to be affiliates upon judicial determination) as of June 30, 2014, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$1,077.9 million.

As of February 23, 2015, the registrant had outstanding 233,305,818 shares of common stock consisting of (i) 232,660,947 shares of Class A common stock; and (ii) 644,871 shares of Class C common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement relating to its 2014 annual meeting of stockholders (the "2014 Proxy Statement"), to be filed with the Securities and Exchange Commission, are incorporated by reference in Part III, Items 10 to 14 of this Annual Report on Form 10-K as indicated herein.

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ANNUAL REPORT ON FORM 10-K

For the Fiscal Year Ended December 31, 2014

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PART I

Item 1. Business

Description of Certain Definitions and Data

In this annual report on Form 10-K (this “Form 10-K” or this “Report”) the terms “Company,” “Cumulus,” “we,” “us,” and “our” refer to Cumulus Media Inc. and its consolidated subsidiaries.

We use the term “local marketing agreement” (“LMA”) in this Report. In a typical LMA, the licensee of a radio station makes available, for a fee and reimbursement of its expenses, airtime on its station to a party which supplies programming to be broadcast during that airtime, and collects revenues from advertising aired during such programming. In addition to entering into LMAs, we from time to time enter into management or consulting agreements that provide us with the ability, as contractually specified, to assist current owners in the management of radio station assets, subject to Federal Communications Commission (“FCC”) approval. In such arrangements, we generally receive a contractually specified management fee or consulting fee in exchange for the services provided. Unless otherwise indicated, as disclosed herein we:

- obtained total radio industry listener and revenue levels from the Radio Advertising Bureau;
- derived historical market revenue statistics and market revenue share percentages from data published by Miller Kaplan, Arase & Co., LLP, a public accounting firm that specializes in serving the broadcasting industry and BIA Financial Network, Inc. (“BIA”), a media and telecommunications advisory services firm; and
- derived all audience share data and audience rankings, including ranking by population, from surveys of people ages 12 and over, listening Monday through Sunday, 6 a.m. to 12 midnight, and based on the Nielsen Audio Market Report.

Company Overview

We believe that we have created a leading national audio advertising platform that allows us to leverage and expand upon our strengths, market presence and programming. Specifically, we have an extensive radio station portfolio, including a presence in eight of the top 10 markets, and broad diversity in format, listener base, geography, advertiser base and revenue stream, designed to reduce our dependence on any single demographic, region or industry. As the largest pure-play radio broadcaster in the United States, the Company provides exclusive content that is fully distributed through approximately 460 owned and operated stations in approximately 90 U.S. media markets, approximately 8,500 broadcast radio affiliates and numerous digital channels. At December 31, 2014, under LMAs, we provided sales and marketing services for 11 radio stations in the United States. Our nationwide platform generates premium content distributable through both broadcast and digital platforms, and our scale allows larger, significant investments in the local digital media marketplace enabling us to leverage our local digital platforms and strategies, including our social commerce initiatives, across additional markets. Our websites average over 11.4 million page views from approximately 10.5 million unique users on a monthly basis and stream music to approximately 4.2 million unique users each month. We believe our national platform perspective allows us to optimize our available advertising inventory while providing holistic and comprehensive solutions for our customers.

We further believe that our cash expected to be generated from operations, and our overall capital structure, provide adequate liquidity and scale for us to operate and grow our current business, as well as pursue and finance any potential strategic acquisitions in the future, irrespective of any borrowing availability under our Revolving Credit Facility (as defined below).

We are a Delaware corporation, organized in 2002, and successor by merger to an Illinois corporation with the same name that was organized in 1997.

Strategic Overview

Our initial historical strategic focus was on mid-sized radio markets in the United States, as we believed that the attractive operating characteristics of mid-sized markets, together with the relaxation of radio station ownership limits under the Telecommunications Act of 1996 (the “Telecom Act”) and FCC rules, created significant opportunities for growth from the formation of groups of radio stations within these markets. We focused on capitalizing on opportunities to acquire groups of stations in attractive markets at favorable purchase prices, taking advantage of the size and fragmented nature of ownership in those markets and the greater attention historically given to larger markets

by radio station acquirers.

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Our strategy has evolved as we have recognized that large radio markets can provide an attractive combination of scale, stability and opportunity for future growth, particularly for emerging digital advertising initiatives. According to BIA, many of these markets typically have per capita and household income, and expected household after-tax effective buying income growth, in excess of the national average, which we believe makes radio broadcasters in these markets attractive to a broad base of advertisers, and allows a radio broadcaster to reduce its dependence on any one economic sector or specific advertiser. Our operating strategy is based upon the following principles that we expect will continue to position us for future growth and increase stockholder value:

Focus on unique brands.

We view each of our radio stations and content assets as a unique brand that serves a local and distinct community of listeners. Our business model is designed to offer local businesses access to each of our stations' communities of listeners through the sale of advertising time. To drive sales growth, we structure and incentivize our sales organization to create demand through increased coverage and access to sophisticated productivity tools, such as our proprietary customer relationship management system, market research and listener databases, as well as continuously updated training and presentation materials and extensive client-focused marketing support. As we continue to seek to grow, organically and through the evaluation of opportunities for strategic acquisitions, we believe this focused model will continue to be scalable, allowing us to continue to provide a high level of customer service and further expand our advertiser base.

Further leverage our operating efficiencies.

We utilize a scalable, enterprise-wide, proprietary management system and technology platform to run our business, which we believe is a competitive advantage. As a result of our experienced management team and the benefits derived from our technology platform, we intend to continue to maximize this structural competitive advantage across our business. As we continue to seek to grow both organically and through the evaluation of opportunities for strategic acquisitions, we expect process management and operating efficiency to remain at the core of our culture, leading to continued improvement in, among other things, our expense management and our ability to realize meaningful synergies from such growth.

Leverage experience in the application of uniform systems and practices.

Our success is partly based on adhering to a set of time-proven fundamentals and processes to run and manage our business, which we have standardized throughout our portfolio of stations, including acquired stations integrated into our operations. We believe that as we continue to seek to grow, organically and through the evaluation of opportunities for strategic acquisitions, we will continue to implement our systems and technology platform across our business, and obtain additional benefits from increased purchasing power, scale and supplier relationships. We believe our culture promotes the identification and recognition of best practices in all functional areas, which are then evaluated, tested and, upon acceptance, rolled out across our portfolio of stations.

Enhance operating performance across our portfolio of radio stations to drive efficiencies through scale.

Our business is designed to drive local sales growth and reduce costs at each radio station. We believe that in doing so, we are able to provide a higher level of service to the existing customer base at those stations in addition to expanding the advertiser base, which we believe enables us to continue to grow in those markets.

Maintain our financial discipline.

We seek to maintain a strong balance sheet and have focused on enhancing our free cash flow to de-leverage. In addition, from time to time, we use derivative financial instruments to mitigate fluctuations in interest rates. We also continually seek to identify and implement cost savings at each of our stations and the stations to which we provide services. To that end, we believe our overall size benefits each station with respect to negotiating favorable terms with programming suppliers and other vendors.

Continue to evaluate opportunities for opportunistic acquisitions.

We believe the familiarity of our management team with the industry enables us to identify attractive acquisition opportunities. We selectively pursue opportunities where we believe we can enhance value and performance. We view these acquisitions as an important component of our business strategy and intend to selectively pursue future acquisitions on attractive terms that complement our strategy and help us achieve further economies of scale. We

believe there are enormous benefits to achieving scale in order to compete in the radio industry, where advertisers have choices and are looking for integrated solutions with ease of execution.

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Pursue opportunities to expand and diversify our business.

As part of our overall strategy, we selectively evaluate opportunities that have synergies with our core business and add incremental growth opportunities that help to diversify our platform. These opportunities exist in a variety of content verticals both in and out of traditional broadcast radio. We also are focused on creating a comprehensive experience for our listening audience, as well as offering our advertisers greater flexibility and reach. These growth initiatives may arise out of strategic partnerships, joint ventures or targeted investments, and we believe our scale and management expertise will allow us to intelligently develop and execute on expansion opportunities.

**Competitive Strengths**

We believe our prior success is, and our future performance will be, directly related to the following combination of strengths that will enable us to implement our strategies:

Large pure-play radio broadcasting company in the United States with a broad national reach.

Currently, we offer advertisers access to a broad portfolio of approximately 460 stations, comprised of 16 large market and 74 small and mid-sized market stations in 90 United States media markets. Our stations cover a wide variety of programming formats, geographic regions, audience demographics and advertising clients. We believe this scale and diversity allows us to offer advertisers the ability to customize advertising campaigns on a national, regional and local basis through broadcast, digital and mobile mediums. We believe this capability enables us to compete effectively with other media to reach our broad and diverse listener and customer base.

We are one of the largest radio advertising and content providers in the United States. With approximately 14,000 station affiliates and 8,500 radio broadcast affiliations, our radio station platform reaches approximately 65 million listeners a week, and provides a national platform to more effectively and efficiently compete for national advertising dollars. In addition, this national network platform provides access to targeted and more diverse demographics and age groups to better meet our customers' needs and allow for more focused marketing. Our sales team has the ability to consolidate advertising time across our affiliate network, create an aggregated inventory and divide it into packages focused on specific demographics that can be sold to national advertisers looking to reach specific national or regional audiences across all of the radio network affiliates.

Diversified customer base and geographic mix.

We generate substantially all of our revenue from the sale of advertising time to a broad and diverse customer base. We sell our advertising time both nationally and locally through an integrated sales approach that ranges from traditional radio spots to non-traditional sales programs, including on-line couponing and various on-air and Internet-related integrated marketing programs.

Our advertising exposure is highly diversified across a broad range of industries, which lessens the impact of the economic conditions applicable to any one specific industry or customer group. Our top industry segments by advertising volume include automotive, restaurants, entertainment, financial, and communications. In "even numbered years" in advance of various elections, we derive a significant portion of our revenue from political candidates, political parties, and special interest groups. Due to the localized nature of our business, we have a broad distribution of advertisers across all of our stations. Our geographic reach extends to 90 markets nationwide.

**Competitive margins.**

We operate as an integrated business and benefit from leveraging costs and relationships across our markets, all of which allow us to generate strong margins. We have developed a proprietary management system and technology platform that creates operating efficiencies through centralized management functions such as strategic planning, finance, corporate development, financial reporting, expense management, information systems and quality control. This management system consists of web-based applications that were designed to create maximum efficiency while increasing our management's level and span of control.

Leveraging network to create content.

We believe there are growth opportunities in country, news/talk, sports and traffic content offerings with shared risk and revenue relationships. The content we create is distributed domestically to broadcast and digital platforms, with potential for expansion into other mediums such as television and print, as well as internationally.



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Strong technology platform.

Our recent acquisitions and partnerships strategically complement our core terrestrial radio business to help exploit our best-in-class technology platform and operating systems across a much larger platform. Additionally, our in-house technology solutions help to manage costs across our whole network.

Strong and experienced management team.

Lew Dickey, our co-founder, Chairman, President and Chief Executive Officer, John Dickey, our Executive Vice President, Content and Programming, Richard Denning, our Senior Vice President, Secretary and General Counsel and J.P. Hannan, our Chief Financial Officer, have been with us for 18, 17, 13 and 7 years, respectively. Additionally, other members of our senior management team have previously held leadership positions at various media companies.

Industry Overview

The primary source of revenues for radio broadcasting companies is the sale of advertising time to local, regional and national spot advertisers, and national network advertisers. National advertisers place advertisements on a national show and such advertisements air in each market where the network has an affiliate. Over the past ten years, radio advertising revenue has represented 11% of the overall United States advertising market, and has typically followed macroeconomic growth trends. In 2014, radio advertising revenues were \$17.5 billion.

Generally, radio is considered an efficient, cost-effective means of reaching specifically identified demographic groups. Stations are typically classified by their on-air format, such as country, rock, adult contemporary, oldies and news/talk. A station's format and style of presentation enables it to target specific segments of listeners sharing certain demographic features. By capturing a specific share of a market's radio listening audience with particular concentration in a targeted demographic, a station is able to market its broadcasting time to advertisers seeking to reach a specific audience. Advertisers and stations use data published by audience measuring services, such as Nielsen Audio, to estimate how many people within particular geographical markets and demographics listen to specific stations.

The number of advertisements that can be broadcast by a station without jeopardizing listening levels and the resulting ratings is generally dictated in part by the format of a particular station and the local competitive environment.

Although the number of advertisements broadcast during a given time period may vary, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year.

A station's local sales staff generates the majority of its local and regional advertising sales through direct solicitations of local advertising agencies and businesses. To generate national advertising sales, a station usually will engage a firm that specializes in soliciting radio-advertising sales on a national level. Stations also may engage directly with an internal national sales team that supports the efforts of third-party representatives. National sales representatives obtain advertising principally from advertising agencies located outside the station's market and receive commissions based on the revenue from the advertising they obtain.

Our stations compete for advertising revenue with other broadcast radio stations in their particular market as well as other media, including newspapers, broadcast television, cable television, magazines, direct mail, coupons, and outdoor advertising. In addition, the radio broadcasting industry is subject to competition from services that use new media technologies that are being developed or have already been introduced, such as the Internet and satellite-based digital radio and music services. Such services may reach regional and nationwide audiences with multi-channel, multi-format, digital radio and music services.

We cannot predict how existing, new or any future generated sources of competition will affect our performance and results of operations. The radio broadcasting industry historically has grown over the long term despite the introduction of new technologies for the delivery of entertainment and information, such as television broadcasting, cable television, audio tapes, compact discs and iPods and other similar devices. We believe population growth and greater availability of radios, particularly car and portable radios when combined with increased travel and commuting time, have contributed to this growth. There can be no assurance, however, that the development or introduction in the future of any new media technology will not have a material adverse effect on the radio broadcasting industry in general or our stations in particular.

Advertising Sales

The primary source of our revenue is generated from the sale of local, regional, and national advertising for broadcast on our radio stations. We also generate revenue from the sale of our network programming and services. In exchange for our network programs and services, and through our advertising sales representation, we primarily receive commercial air time

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from radio stations and aggregate the air time to sell to national advertisers; to a lesser extent, we receive cash. A majority of our net broadcasting revenue is typically generated from the sale of local and regional advertising. Additional broadcasting revenue is generated from the sale of national advertising. The major categories of our advertisers consist of:

Amusement and recreation	Banking and mortgage	Furniture and home furnishings
Arts and entertainment	Food and beverage services	Healthcare services
Automotive dealers	Food and beverage stores	Telecommunications

Each station's local sales staff solicits advertising either directly from a local advertiser or indirectly through an advertising agency. We use a tiered commission structure to focus our sales staff on new business development. Consistent with our operating strategy of dedicated sales forces for each of our stations, we have increased the number of salespeople per station. We believe that we can outperform the traditional growth rates of our markets by (1) expanding our base of advertisers, (2) training newly hired sales people and (3) providing a higher level of service to our existing customer base. We further believe that we will accomplish this goal with a larger sales staff than most of our newly-acquired stations employed at the time we acquired them.

Our national sales are made by a firm specializing in radio advertising sales on the national level, in exchange for a commission that is based on the gross revenue from the advertising generated. Regional sales, which we define as sales in regions surrounding our markets to buyers that advertise in our markets, are generally made by our local sales staff and market managers. Whereas we seek to grow our local sales through larger and more customer-focused sales staffs, we seek to grow our national and regional sales by offering key national and regional advertisers access to groups of stations within specific markets and regions that make us a more attractive platform. Many of these advertisers have previously been reluctant to advertise in certain smaller markets because of the logistics involved in buying advertising from individual stations. Certain of our stations had no national representation before we acquired them.

Each of our stations has a general target level of on-air inventory available for advertising. This target level of inventory for sale may vary at different times of the day but tends to remain stable over time. Our stations strive to maximize revenue by managing their on-air advertising inventory and adjusting prices up or down based on supply and demand. We seek to broaden our advertiser base in each market by providing a wide array of audience demographic segments across our cluster of stations, thereby providing potential advertisers with an effective means to reach a targeted demographic group. Our selling and pricing activity is based on demand for our radio stations' on-air inventory, and, in general, we respond to this demand by varying prices rather than by varying our target inventory level for a particular station. Most changes in revenue are explained by a combination of demand-driven pricing changes and changes in inventory utilization rather than by changes in available inventory. Advertising rates charged by radio stations, which are generally highest during morning and afternoon commuting hours, are based primarily on:

- a station's share of audiences and the demographic groups targeted by advertisers (as measured by ratings surveys);
- the supply and demand for radio advertising time and for time targeted at particular demographic groups; and
- certain additional qualitative factors.

A station's listenership is reflected in ratings surveys that estimate the number of listeners tuned in to the station, and the time they spend listening. Each station's ratings are used by its advertisers and advertising representatives to consider advertising with the station and are used by Cumulus to chart audience growth, set advertising rates and adjust programming.

**Competition**

The radio broadcasting industry is very competitive. Our stations compete for listeners and advertising revenues directly with other radio stations within their respective markets, as well as with other advertising media. Additionally, new online music and other entertainment services have begun selling advertising locally, creating additional competition for both listeners and advertisers.

Radio stations compete for listeners primarily on the basis of program content that appeals to a particular demographic group. Factors that affect a radio station's competitive position include station brand identity and loyalty, management experience, the station's local audience rank in its market, transmitter power and location, assigned frequency, audience characteristics, local program acceptance and the number and characteristics of other radio stations and other advertising media in the market area. We attempt to improve our competitive position in each market by extensively researching and seeking to improve our stations' programming, by implementing targeted advertising campaigns aimed at the demographic groups for which our stations program and by managing our sales efforts to attract a larger share of advertising dollars for each station

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individually. We also seek to improve our competitive position by focusing on building a strong brand identity with a targeted listener base consisting of specific demographic groups in each of our markets, which we believe will allow us to better attract advertisers seeking to reach those listeners.

The success of each of our stations depends largely upon rates it can charge for its advertising, which in turn is affected by the number of local advertising competitors, and the overall demand for advertising within individual markets. These conditions may fluctuate and are highly susceptible to changes in both local markets and more general macroeconomic conditions. Specifically, a radio station's competitive position can be enhanced or negatively impacted by a variety of factors, including the changing of, or another station changing, its format to compete directly for a different demographic of listeners and advertisers or an upgrade of the station's authorized power through the relocation or upgrade of transmission equipment. Another station's decision to convert to a format similar to that of one of our radio stations in the same geographic area, to improve its signal reach through equipment changes or upgrades, or to launch an aggressive promotional campaign may result in lower ratings and advertising revenue for that station. Any adverse change affecting advertising expenditures in a particular market or in the relative market share of our stations located in a particular market could have a material adverse effect on the results of the radio stations located in that market or, possibly, the Company as a whole. There can be no assurance that any one or all of our stations will be able to maintain or increase advertising revenue market share.

There are also regulations that impact competition within the radio industry. Under federal laws and FCC rules, a single party can own and operate multiple stations in a local market, subject to certain limitations described below. We believe that companies that form groups of commonly owned stations or joint arrangements, such as LMAs, in a particular market may, in certain circumstances, have lower operating costs and may be able to offer advertisers in those markets more attractive rates and services. Although we currently operate multiple stations in most of our markets and intend to pursue the creation of additional multiple station groups in particular markets, our competitors in certain markets include other parties that own and operate as many or more stations than we do.

However, the competitive position of existing radio stations is protected to some extent by certain regulatory barriers to new entrants. The ownership of a radio broadcast station requires an FCC license, and the number of radio stations that an entity can own in a given market is limited under certain FCC rules. The number of radio stations that a party can own in a particular market is dictated largely by whether the station is in a defined "Nielsen Audio Metro" (a designation designed by a private party for use in advertising matters), and, if so, the number of stations included in that Nielsen Audio Metro. In those markets that are not in a Nielsen Audio Metro, the number of stations a party can own in the particular market is dictated by the number of AM and FM signals that overlap, which constitutes a radio market under FCC rules. These FCC ownership rules may, in some instances, limit the number of stations one or more of our existing competitors can own or operate, or may limit potential new market entrants. However, FCC ownership rules may change in the future to limit any protections they currently provide. We also cannot predict what other matters might be considered in the future by the FCC or Congress, nor can we assess in advance what impact, if any, the implementation of any of these proposals or changes might have on our business. For a discussion of FCC regulation (including recent changes), see "- Federal Regulation of Radio Broadcasting."

Employees

At December 31, 2014, we employed 6,132 people, 4,007 of whom are employed full time. Of these employees, approximately 250 employees were covered by collective bargaining agreements. We have not experienced any material work stoppages by our employees covered by collective bargaining agreements, and overall, we consider our relations with our employees to be satisfactory.

On occasion, we enter into contracts with various on-air personalities with large loyal audiences in their respective markets to protect our interests in those relationships that we believe to be valuable. The loss of one or more of these personalities could result in a short-term loss of audience share, but we do not believe that any such loss would have a material adverse effect on our financial condition or results of operations, taken as a whole.

Seasonality and Cyclicity

Our operations and revenues tend to be seasonal in nature, with generally lower revenue generated in the first quarter of the year and generally higher revenue generated in the second and fourth quarters of the year. The seasonality of our business reflects the adult orientation of our formats and relationship between advertising purchases on these formats with the retail cycle. This seasonality causes and will likely continue to cause a variation in our quarterly operating results. Such variations could have a material effect on the timing of our cash flows.



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In addition, our revenues tend to fluctuate between years, consistent with, among other things, increased advertising expenditures in even-numbered years by political candidates, political parties and special interest groups. This political spending typically is heaviest during the fourth quarter.

**Inflation**

To date, inflation has not had a material effect on our revenues or results of operations, although no assurances can be provided that material inflation in the future would not materially adversely affect us.

**Federal Regulation of Radio Broadcasting**

**General**

The ownership, operation and sale of radio broadcast stations, including those licensed to us, are subject to the jurisdiction of the FCC, which acts under authority of the Communications Act of 1934, as amended (the “Communications Act”). The Telecommunications Act of 1996 (the “Telecom Act”) amended the Communications Act and directed the FCC to change certain of its broadcast rules. Among its other regulatory responsibilities, the FCC issues permits and licenses to construct and operate radio stations; assigns broadcast frequencies; determines whether to approve changes in ownership or control of station licenses; regulates transmission equipment, operating power, and other technical parameters of stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; regulates the content of some forms of radio broadcast programming; and has the authority under the Communications Act to impose penalties for violations of its rules.

The following is a brief summary of certain provisions of the Communications Act, the Telecom Act, and related FCC rules and policies (collectively, the “Communications Laws”). This description does not purport to be comprehensive, and reference should be made to the Communications Laws, public notices, and decisions issued by the FCC for further information concerning the nature and extent of federal regulation of radio broadcast stations. Failure to observe the provisions of the Communications Laws can result in the imposition of various sanctions, including monetary forfeitures and the grant of a “short-term” (less than the maximum term) license renewal. For particularly egregious violations, the FCC may deny a station’s license renewal application, revoke a station’s license, or deny applications in which an applicant seeks to acquire additional broadcast properties.

**License Grant and Renewal**

Radio broadcast licenses are generally granted and renewed for terms of up to eight years at a time. Licenses are renewed by filing an application with the FCC, which is subject to review and approval. The Communications Act expressly provides that a radio station is authorized to continue to operate after the expiration date of its existing license until the FCC acts on a pending renewal application. Petitions to deny license renewal applications may be filed by interested parties, including members of the public. While we are not currently aware of any facts that would prevent the renewal of our licenses to operate our radio stations, there can be no assurance that all of our licenses will be renewed in the future for a full term, or at all. Our inability to renew a significant portion of our radio broadcast licenses could result in a material adverse effect on our results of operations and financial condition.

**Service Areas**

The area served by AM stations is determined by a combination of frequency, transmitter power, antenna orientation, and soil conductivity. To determine the effective service area of an AM station, the station’s power, operating frequency, antenna patterns and its day/night operating modes are evaluated. The area served by an FM station is determined by a combination of effective radiated power (“ERP”), antenna height and terrain, with stations divided into eight classes according to these technical parameters.

Each class of FM radio station has the right to broadcast with a certain amount of ERP from an antenna located at a certain height above average terrain. The most powerful FM radio stations, which are generally those with the largest geographic reach, are Class C FM stations, which operate with up to the equivalent of 100 kilowatts (“kW”) of ERP at an antenna height of 1,968 feet above average terrain. These stations typically provide service to a large area that covers one or more counties (which may or may not be in the same state). There are also Class C0, C1, C2 and C3 FM radio stations which operate with progressively less power and/or antenna height above average terrain and, thus, less geographic reach. In addition, Class B FM stations operate with the equivalent of up to 50 kW ERP at an antenna

height of 492 feet above average terrain. Class B stations can serve large metropolitan areas and their outer suburban areas. Class B1 stations can operate with up to the

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equivalent of 25 kW ERP at an antenna height of 328 feet above average terrain. Class A FM stations operate with up to the equivalent of 6 kW ERP at an antenna height of 328 feet above average terrain, and often (but not always) serve smaller cities or suburbs of larger cities.

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The following table sets forth, as of February 23, 2015, the market, call letters, city of license, frequency and FCC license expiration date of all our owned and/or operated stations, including stations operated under an LMA, whether or not pending acquisition, and all other announced pending station acquisitions, if any. Stations with a license expiration date prior to February 23, 2015 represent stations for which a renewal application has been timely filed with the FCC and is currently pending before the FCC. The Communications Act expressly provides that a radio station is authorized to continue to operate after the expiration date of its existing license until the FCC acts on a pending renewal application.

Market	Stations	City of License	Frequency	Expiration Date of License	
Abilene, TX	KBCY FM	Tye, TX	99.7	August 1, 2021	
	KCDD FM	Hamlin, TX	103.7	August 1, 2021	
	KHXS FM	Merkel, TX	102.7	August 1, 2021	
	KTLT FM	Anson, TX	98.1	August 1, 2021	
Albany, GA	WALG AM	Albany, GA	1590	April 1, 2020	
	WEGC FM	Sasser, GA	107.7	April 1, 2020	
	WGPC AM	Albany, GA	1450	April 1, 2020	
	WJAD FM	Leesburg, GA	103.5	April 1, 2020	
	WKAK FM	Albany, GA	104.5	April 1, 2020	
	WNUQ FM	Sylvester, GA	102.1	April 1, 2020	
	WQVE FM	Albany, GA	101.7	April 1, 2020	
	Albuquerque, NM	KKOB AM	Albuquerque, NM	770	October 1, 2021
KKOB FM		Albuquerque, NM	93.3	October 1, 2021	
KMGA FM		Albuquerque, NM	99.5	October 1, 2021	
KNML AM		Albuquerque, NM	610	October 1, 2021	
KRST FM		Albuquerque, NM	92.3	October 1, 2021	
KTBL AM		Los Ranchos, NM	1050	October 1, 2021	
KDRF FM		Albuquerque, NM	103.3	October 1, 2021	
KBZU FM		Albuquerque, NM	96.3	October 1, 2012	
Allentown, PA		WCTO FM	Easton, PA	96.1	August 1, 2022
		WLEV FM	Allentown, PA	100.7	August 1, 2022
Amarillo, TX		KARX FM	Claude, TX	95.7	August 1, 2021
	KPUR AM	Amarillo, TX	1440	August 1, 2021	
	KPUR FM	Canyon, TX	107.1	August 1, 2021	
	KQIZ FM	Amarillo, TX	93.1	August 1, 2021	
	KNSH AM	Canyon, TX	1550	August 1, 2021	
	KZRK FM	Canyon, TX	107.9	August 1, 2021	
Ann Arbor, MI	WLBY AM	Saline, MI	1290	October 1, 2020	
	WQKL FM	Ann Arbor, MI	107.1	October 1, 2020	
	WTKA AM	Ann Arbor, MI	1050	October 1, 2020	
	WWWW FM	Ann Arbor, MI	102.9	October 1, 2020	
Appleton, WI	WNAM AM	Neenah Menasha, WI	1280	December 1, 2020	
	WOSH AM	Oshkosh, WI	1490	December 1, 2020	
	WVBO FM	Winneconne, WI	103.9	December 1, 2020	
	WWWX FM	Appleton-Oshkosh, WI	96.9	December 1, 2020	
Atlanta, GA	WKHX FM	Marietta, GA	101.5	April 1, 2020	
	WYAY FM	Gainesville, GA	106.7	April 1, 2020	
	WWWQ FM	Atlanta, GA	99.7	April 1, 2020	

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Baton Rouge, LA	WNNX FM	College Park, GA	100.5	April 1, 2020
	KQXL FM	New Roads, LA	106.5	June 1, 2020
	WRQQ FM	Hammond, LA	103.3	June 1, 2020
	WEMX FM	Kentwood, LA	94.1	June 1, 2020
	WIBR AM	Baton Rouge, LA	1300	June 1, 2012
	WXOK AM	Port Allen, LA	1460	June 1, 2020

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Market	Stations	City of License	Frequency	Expiration Date of License
Beaumont, TX	KAYD FM	Silsbee, TX	101.7	August 1, 2021
	KBED AM	Nederland, TX	1510	August 1, 2021
	KIKR AM	Beaumont, TX	1450	August 1, 2021
	KQXY FM	Beaumont, TX	94.1	August 1, 2021
	KSTB FM	Crystal Beach, TX	101.5	August 1, 2013
	KTCX FM	Beaumont, TX	102.5	August 1, 2021
Birmingham, AL	WAPI AM	Birmingham, AL	1070	April 1, 2020
	WJOX AM	Birmingham, AL	690	April 1, 2020
	WJOX FM	Birmingham, AL	94.5	April 1, 2020
	WZRR FM	Birmingham, AL	99.5	April 1, 2020
Blacksburg, VA	WBRW FM	Blacksburg, VA	105.3	October 1, 2019
	WFNR AM	Blacksburg, VA	710	October 1, 2019
	WNMX FM	Christiansburg, VA	100.7	October 1, 2019
	WRAD AM	Radford, VA	1460	October 1, 2019
	WWBU FM	Radford, VA	101.7	October 1, 2019
Bloomington, IN	WBNQ FM	Bloomington, IN	101.5	December 1, 2020
	WBWN FM	Le Roy, IN	104.1	December 1, 2020
	WJEZ FM	Dwight, IL	98.9	December 1, 2020
	WJBC AM	Bloomington, IN	1230	December 1, 2020
	WJBC FM	Pontiac, IL	93.7	December 1, 2020
	Boise, ID	KBOI AM	Boise, ID	670
KIZN FM		Boise, ID	92.3	October 1, 2021
KKGL FM		Nampa, ID	96.9	October 1, 2021
KQFC FM		Boise, ID	97.9	October 1, 2021
KTIK FM		New Plymouth, ID	93.1	October 1, 2021
KTIK AM		Nampa, ID	1350	October 1, 2021
Bridgeport, CT		WEBE FM	Westport, CT	107.9
	WICC AM	Bridgeport, CT	600	April 1, 2022
Buffalo, NY	WEDG FM	Buffalo, NY	103.3	June 1, 2022
	WGRF FM	Buffalo, NY	96.9	June 1, 2022
	WHLA AM	Niagara Falls, NY	1270	June 1, 2022
	WHTT FM	Buffalo, NY	104.1	June 1, 2022
	WBBF AM	Buffalo, NY	1120	June 1, 2022
Charleston, SC	WSSX FM	Charleston, SC	95.1	December 1, 2019
	WIWF FM	Charleston, SC	96.9	December 1, 2019
	WTMA AM	Charleston, SC	1250	December 1, 2019
	WWWZ FM	Summerville, SC	93.3	December 1, 2019
	WMGL FM	Ravenel, SC	107.3	December 1, 2019
Chattanooga, TN	WGOW AM	Chattanooga, TN	1150	August 1, 2020
	WGOW FM	Soddy-Daisy, TN	102.3	August 1, 2020
	WOGT FM	East Ridge, TN	107.9	August 1, 2020
	WSKZ FM	Chattanooga, TN	106.5	August 1, 2020
Chicago, IL	WLS AM	Chicago, IL	890	December 1, 2020
	WLS FM	Chicago, IL	94.7	December 1, 2020
	WLUP FM	Chicago, IL	97.9	December 1, 2020
	WKQX FM	Chicago, IL	101.1	December 1, 2020

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Cincinnati, OH	WNNF FM	Cincinnati, OH	94.1	October 1, 2020
	WOFX FM	Cincinnati, OH	92.5	October 1, 2020
	WRRM FM	Cincinnati, OH	98.5	October 1, 2020
	WGRR FM	Hamilton, OH	103.5	October 1, 2020
	WFTK FM	Lebanon, OH	96.5	October 1, 2020

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Market	Stations	City of License	Frequency	Expiration Date of License
Colorado Springs, CO	KKFM FM	Colorado Springs, CO	98.1	April 1, 2021
	KKMG FM	Pueblo, CO	98.9	April 1, 2021
	KKPK FM	Colorado Springs, CO	92.9	April 1, 2021
	KCSF AM	Colorado Springs, CO	1300	April 1, 2021
	KVOR AM	Colorado Springs, CO	740	April 1, 2021
	KATC FM	Colorado Springs, CO	95.1	April 1, 2021
Columbia, MO	KBBM FM	Jefferson City, MO	100.1	February 1, 2021
	KBXR FM	Columbia, MO	102.3	February 1, 2021
	KFRU AM	Columbia, MO	1400	February 1, 2021
	KJMO FM	Linn, Mo	97.5	February 1, 2021
	KLIK AM	Jefferson City, MO	1240	February 1, 2021
	KOQL FM	Ashland, MO	106.1	February 1, 2021
	KPLA FM	Columbia, MO	101.5	February 1, 2021
	KZJF FM	Jefferson City, MO	104.1	February 1, 2021
Columbia, SC	WISW AM	Columbia, SC	1320	December 1, 2019
	WLXC FM	Columbia, SC	103.1	December 1, 2019
	WNKT FM	Eastover, SC	107.5	December 1, 2019
	WOMG FM	Lexington, SC	98.5	December 1, 2019
	WTCB FM	Orangeburg, SC	106.7	December 1, 2019
Columbus-Starkville, MS	WJWF AM	Columbus, MS	1400	June 1, 2020
	WKOR FM	Columbus, MS	94.9	June 1, 2020
	WMXU FM	Starkville, MS	106.1	June 1, 2020
	WNMQ FM	Columbus, MS	103.1	June 1, 2020
	WSMS FM	Artesia, MS	99.9	June 1, 2020
	WSSO AM	Starkville, MS	1230	June 1, 2020
	WBAP AM	Fort Worth, TX	820	August 1, 2021
Dallas, TX	KSCS FM	Fort Worth, TX	96.3	August 1, 2013
	KLIF AM	Dallas, TX	570	August 1, 2021
	KPLX FM	Fort Worth, TX	99.5	August 1, 2021
	KLIF FM	Haltom City, TX	93.3	August 1, 2021
	KTCK AM	Dallas, TX	1310	August 1, 2013
	KTCK FM	Flower Mound, TX	96.7	August 1, 2021
	KESN FM	Allen, TX	103.3	August 1, 2021
	KBGG AM	Des Moines, IA	1700	February 1, 2021
Des Moines, IA	KHKI FM	Des Moines, IA	97.3	February 1, 2021
	KGGO FM	Des Moines, IA	94.9	February 1, 2021
	KJJY FM	West Des Moines, IA	92.5	February 1, 2021
	KWQW FM	Boone, IA	98.3	February 1, 2021
	WJR AM	Detroit, MI	760	October 1, 2020
Detroit, MI	WDVD FM	Detroit, MI	96.3	October 1, 2020
	WDRQ FM	Detroit, MI	93.1	October 1, 2020
	WXXC FM	Erie, PA	99.9	August 1, 2022
Erie, PA	WXTA FM	Edinboro, PA	97.9	August 1, 2022
	WRIE AM	Erie, PA	1260	August 1, 2022
	WQHZ FM	Erie, PA	102.3	August 1, 2022
	KEHK FM	Brownsville, OR	102.3	February 1, 2022
Eugene, OR				



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KSCR AM	Eugene, OR	1320	February 1, 2022
KUGN AM	Eugene, OR	590	February 1, 2022
KUJZ FM	Creswell, OR	95.3	February 1, 2022
KZEL FM	Eugene, OR	96.1	February 1, 2022

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Market	Stations	City of License	Frequency	Expiration Date of License
Fayetteville, AR	KAMO FM	Rogers, AR	94.3	June 1, 2020
	KFAY AM	Farmington, AR	1030	June 1, 2020
	KQSM FM	Fayetteville, AR	92.1	June 1, 2020
	KMCK FM	Prairie Grove, AR	105.7	June 1, 2020
	KKEG FM	Bentonville, AR	98.3	June 1, 2020
	KYNG AM	Springdale, AR	1590	June 1, 2020
	KRMW FM	Cedarville, AR	95	June 1, 2020
Fayetteville, NC	WFNC AM	Fayetteville, NC	640	December 1, 2019
	WMGU FM	Southern Pines, NC	106.9	December 1, 2019
	WQSM FM	Fayetteville, NC	98.1	December 1, 2019
	WRCQ FM	Dunn, NC	103.5	December 1, 2019
Flint, MI	WDZZ FM	Flint, MI	92.7	October 1, 2020
	WWCK AM	Flint, MI	1570	October 1, 2020
	WWCK FM	Flint, MI	105.5	October 1, 2020
	WFBE FM	Flint, MI	95.1	October 1, 2020
	WTRX AM	Flint, MI	1330	October 1, 2020
	WBZF FM	Hartsville, SC	98.5	December 1, 2019
Florence, SC	WCMG FM	Latta, SC	94.3	December 1, 2019
	WHLZ FM	Marion, SC	100.5	December 1, 2019
	WMXT FM	Pamplico, SC	102.1	December 1, 2019
	WWFN FM	Lake City, SC	100.1	December 1, 2019
	WYMB AM	Manning, SC	920	December 1, 2019
	WYNN AM	Florence, SC	540	December 1, 2019
	WYNN FM	Florence, SC	106.3	December 1, 2019
	WYNN FM	Florence, SC	106.3	December 1, 2019
Fort Smith, AR	KBBQ FM	Van Buren, AR	102.7	June 1, 2020
	KLSZ FM	Fort Smith, AR	100.7	June 1, 2020
	KRUZ AM	Van Buren, AR	1060	June 1, 2012
	KOMS FM	Poteau, OK	107.3	June 1, 2021
Fort Walton Beach, FL	WFTW AM	Ft Walton Beach, FL	1260	February 1, 2020
	WKSM FM	Ft Walton Beach, FL	99.5	February 1, 2020
	WNCV FM	Shalimar, FL	93.3	February 1, 2020
	WYZB FM	Mary Esther, FL	105.5	February 1, 2020
	WZNS FM	Ft Walton Beach, FL	96.5	February 1, 2020
Fresno, CA	KSKS FM	Fresno, CA	93.7	December 1, 2021
	KMJ FM	Fresno, CA	105.9	December 1, 2021
	KMJ AM	Fresno, CA	580.0	December 1, 2021
	KMGV FM	Fresno, CA	97.9	December 1, 2021
	KWYE FM	Fresno, CA	101.1	December 1, 2021
	KWYE FM	Fresno, CA	101.1	December 1, 2021
Grand Rapids, MI	WJRW AM	Grand Rapids, MI	1340	October 1, 2020
	WTNR FM	Holland, MI	94.5	October 1, 2020
	WLAV FM	Grand Rapids, MI	96.9	October 1, 2020
	WBBL FM	Greenville, MI	107.3	October 1, 2020
	WHTS FM	Coopersville, MI	105.3	October 1, 2020
Green Bay, WI	WDUZ AM	Green Bay, WI	1400	December 1, 2020
	WDUZ FM	Brillion, WI	107.5	December 1, 2020
	WKRU FM	Allouez, WI	106.7	December 1, 2020

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	WOGB FM	Reedsville, WI	103.1	December 1, 2020
	WPCK FM	Denmark, WI	104.9	December 1, 2020
	WQLH FM	Green Bay, WI	98.5	December 1, 2020
Harrisburg, PA	WHGB AM	Harrisburg, PA	1400	August 1, 2022
	WNNK FM	Harrisburg, PA	104.1	August 1, 2022
	WWKL FM	Mechanicsburg, PA	93.5	August 1, 2022
	WZCY FM	Hershey, PA	106.7	August 1, 2014
	WQXA FM	York, PA	105.7	August 1, 2022
Houston, TX	KRBE FM	Houston, TX	104.1	August 1, 2021

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Market	Stations	City of License	Frequency	Expiration Date of License	
Huntsville, AL	WHRP FM	Gurley, AL	94.1	April 1, 2020	
	WUMP AM	Madison, AL	730	April 1, 2020	
	WVNN AM	Athens, AL	770	April 1, 2020	
	WVNN FM	Trinity, AL	92.5	April 1, 2020	
	WWFF FM	New Market, AL	93.3	April 1, 2020	
	WZYP FM	Athens, AL	104.3	April 1, 2020	
Indianapolis, IN	WJJK FM	Noblesville, IN	104.5	August 1, 2020	
	WFMS FM	Fishers, IN	95.5	August 1, 2020	
	WRWM FM	Lawrence, IN	93.9	August 1, 2020	
Johnson City, TN	WXSM AM	Blountville, TN	640	August 1, 2020	
	WJCW AM	Johnson City, TN	910	August 1, 2020	
	WGOC AM	Kingsport, TN	1320	August 1, 2020	
	WKOS FM	Kingsport, TN	104.9	August 1, 2020	
	WQUT FM	Johnson City, TN	101.5	August 1, 2020	
	Kansas City, MO	KCFX FM	Harrisonville, MO	101.1	February 1, 2021
KCHZ FM		Ottawa, KS	95.7	June 1, 2021	
KCJK FM		Garden City, MO	105.1	February 1, 2021	
KCMO AM		Kansas City, MO	710	February 1, 2021	
KCMO FM		Shawnee, KS	94.9	June 1, 2021	
KMJK FM		North Kansas City, MO	107.3	February 1, 2021	
Knoxville, TN	KCMO FM	Shawnee, KS	94.9	June 1, 2021	
	WIVK FM	Knoxville, TN	107.7	August 1, 2020	
	WNML AM	Knoxville, TN	990	August 1, 2020	
	WNML FM	Friendsville, TN	99.1	August 1, 2020	
	WOKI FM	Oliver Springs, TN	98.7	August 1, 2020	
	WWKI FM	Kokomo, IN	100.5	August 1, 2020	
Kokomo, IN	Lafayette, LA	KNEK AM	Washington, LA	1190	June 1, 2020
		KRRQ FM	Lafayette, LA	95.5	June 1, 2020
		KSMB FM	Lafayette, LA	94.5	June 1, 2020
		KXKC FM	New Iberia, LA	99.1	June 1, 2020
		KNEK FM	Washington, LA	104.7	June 1, 2020
		KAOK AM	Lake Charles, LA	1400	June 1, 2020
Lake Charles, LA	KBIU FM	Lake Charles, LA	103.3	June 1, 2020	
	KKGB FM	Sulphur, LA	101.3	June 1, 2020	
	KQLK FM	De Ridder, LA	97.9	June 1, 2020	
	KXZZ AM	Lake Charles, LA	1580	June 1, 2020	
	KYKZ FM	Lake Charles, LA	96.1	June 1, 2020	
	Lancaster, PA	WIOV FM	Ephrata, PA	105.1	August 1, 2022
		WIOV AM	Reading, PA	1240	August 1, 2022
	Lexington, KY	WCYN FM	Cynthiana, KY	102.3	August 1, 2020
WLTO FM		Nicholasville, KY	102.5	August 1, 2020	
WLXX FM		Lexington, KY	92.9	August 1, 2020	
WVLK AM		Lexington, KY	590	August 1, 2020	
WVLK FM		Richmond, KY	101.5	August 1, 2020	
	WXZZ FM	Georgetown, KY	103.3	August 1, 2020	

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Little Rock, AR	KAAY AM	Little Rock, AR	1090	June 1, 2020
	KARN AM	Little Rock, AR	920	June 1, 2012
	KIPR FM	Pine Bluff, AR	92.3	June 1, 2020
	KLAL FM	Wrightsville, AR	107.7	June 1, 2020
	KPZK AM	Little Rock, AR	1250	June 1, 2020
	KURB FM	Little Rock, AR	98.5	June 1, 2020
	KARN FM	Sheridan, AR	102.9	June 1, 2020
	KOKY FM	Little Rock, AR	102	June 1, 2020
Los Angeles, CA	KABC AM	Los Angeles, CA	790	December 1, 2013
	KLOS FM	Los Angeles, CA	95.5	December 1, 2013

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Market	Stations	City of License	Frequency	Expiration Date of License	
Macon, GA	WAYS AM	Macon, GA	1500	April 1, 2020	
	WDDO AM	Macon, GA	1240	April 1, 2020	
	WDEN FM	Macon, GA	99.1	April 1, 2020	
	WLZN FM	Macon, GA	92.3	April 1, 2020	
	WMAC AM	Macon, GA	940	April 1, 2020	
	WMGB FM	Montezuma, GA	95.1	April 1, 2020	
	WPEZ FM	Jeffersonville, GA	93.7	April 1, 2020	
	WROK FM	Macon, GA	105.5	April 1, 2020	
	Melbourne, FL	WAOA FM	Melbourne, FL	107.1	February 1, 2020
WHKR FM		Rockledge, FL	102.7	February 1, 2020	
WSJZ FM		Sebastian, FL	95.9	February 1, 2020	
Memphis, TN	WRBO FM	Como, MS	103.5	June 1, 2020	
	WGKX FM	Memphis, TN	105.9	August 1, 2020	
	WXMX FM	Millington, TN	98.1	August 1, 2020	
	WKIM FM	Munford, TN	98.9	August 1, 2020	
Minneapolis, MN	KQRS FM	Golden Valley, MN	92.5	April 1, 2021	
	KXXR FM	Minneapolis, MN	93.7	April 1, 2021	
	WGVX FM	Lakeville, MN	105.1	April 1, 2021	
	WRXP FM	Cambridge, MN	105.3	April 1, 2021	
	WGVZ FM	Eden Prarie, MN	105.7	April 1, 2021	
	Mobile, AL	WBLX FM	Mobile, AL	92.9	April 1, 2020
WDLT FM		Saraland, AL	104.1	April 1, 2020	
WGOK AM		Mobile, AL	900	April 1, 2020	
WXQW AM		Fairhope, AL	660	April 1, 2020	
WABD FM		Mobile, AL	97.5	April 1, 2020	
Modesto, CA		KATM FM	Modesto, CA	103.3	December 1, 2021
		KDJK FM	Mariposa, CA	103.9	December 1, 2021
	KESP AM	Modesto, CA	970	December 1, 2021	
	KHKK FM	Modesto, CA	104.1	December 1, 2021	
	KHOP FM	Oakdale, CA	95.1	December 1, 2021	
	KWNN FM	Turlock, CA	98.3	December 1, 2021	
	Montgomery, AL	WHHY FM	Montgomery, AL	101.9	April 1, 2020
WLWI AM		Montgomery, AL	1440	April 1, 2020	
WLWI FM		Montgomery, AL	92.3	April 1, 2020	
WMSP AM		Montgomery, AL	740	April 1, 2020	
WMXS FM		Montgomery, AL	103.3	April 1, 2020	
WAFX FM		Prattville, AL	95.1	April 1, 2020	
WNZZ AM		Montgomery, AL	950	April 1, 2020	
Muncie, IN		WLTI AM	New Castle, IN	1550	August 1, 2020
	WMDH FM	New Castle, IN	102.5	August 1, 2020	
Muskegon, MI	WLCS FM	North Muskegon, MI	98.3	October 1, 2020	
	WKLQ AM	Whitehall, MI	1490	October 1, 2020	
	WVIB FM	Holton, MI	100.1	October 1, 2020	
	WLAW FM	Newaygo, MI	92.5	October 1, 2020	
	WWSN FM	Whitehall, MI	97.5	October 1, 2020	

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Myrtle Beach, SC	WDAI FM	Pawleys Island, SC	98.5	December 1, 2011
	WTOD AM	Hartsville, SC	1450	December 1, 2011
	WLFF FM	Georgetown, SC	106.5	December 1, 2011
	WSEA FM	Atlantic Beach, SC	100.3	December 1, 2011
	WSYN FM	Surfside Beach, SC	103.1	December 1, 2011
	WHSC AM	Conway, SC	1050	December 1, 2011

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Market	Stations	City of License	Frequency	Expiration Date of License
Nashville, TN	WJXY FM	Conway, SC	93.9	December 1, 2011
	WXJY FM	Georgetown, SC	93.7	December 1, 2011
	WQQK FM	Goodlettsville, TN	92.1	August 1, 2020
	WSM FM	Nashville, TN	95.5	August 1, 2020
	WWTN FM	Hendersonville, TN	99.7	August 1, 2020
	WGFX FM	Gallatin, TN	104.5	August 1, 2020
	WKDF FM	Nashville, TN	103.3	August 1, 2020
	WNFN FM	Nashville, TN	106.7	August 1, 2012
New London, CT	WQGN FM	Groton, CT	105.5	April 1, 2022
	WXLM AM	Groton, CT	980	April 1, 2022
	WMOS FM	Stonington, CT	102.3	April 1, 2022
	WELJ FM	Montauk, NY	104.7	June 1, 2022
New Orleans, LA	KMEZ FM	Port Sulphur, LA	106.7	June 1, 2020
	KKND FM	Belle Chasse, LA	102.9	June 1, 2020
	WRKN FM	Laplace, LA	92.3	June 1, 2020
	WMTI FM	Picayune, MS	106.1	June 1, 2020
New York, NY	WABC AM	New York, NY	770	June 1, 2022
	WPLJ FM	New York, NY	95.5	June 1, 2022
	WNSH FM	Newark, NJ	94.7	June 1, 2022
	WNBM FM	Bronxville, NY	103.9	June 1, 2022
Oklahoma City, OK	KATT FM	Oklahoma City, OK	100.5	June 1, 2021
	KKWD FM	Bethany, OK	104.9	June 1, 2021
	WWLS FM	The Village, OK	98.1	June 1, 2021
	KYIS FM	Oklahoma City, OK	98.9	June 1, 2021
	KWPN AM	Moore, OK	640	June 1, 2021
	WKY AM	Oklahoma City, OK	930	June 1, 2021
	KINB FM	Kingfisher, OK	105.3	June 1, 2021
	KBBY FM	Ventura, CA	95.1	December 1, 2021
Oxnard-Ventura, CA	KHAY FM	Ventura, CA	100.7	December 1, 2021
	KVEN AM	Ventura, CA	1450	December 1, 2021
	KVYB FM	Santa Barbara, CA	103.3	December 1, 2021
	WCOA AM	Pensacola, FL	1370	February 1, 2020
Pensacola, FL	WRRX FM	Gulf Breeze, FL	106.1	February 1, 2020
	WXBM FM	Milton, FL	102.7	February 1, 2020
	WMEZ FM	Pensacola, FL	94.1	February 1, 2020
	WJTQ FM	Pensacola, FL	100.7	February 1, 2020
	WGLO FM	Pekin, IL	95.5	December 1, 2020
Peoria, IL	WVEL AM	Pekin, IL	1140	December 1, 2020
	WIXO FM	Peoria, IL	105.7	December 1, 2020
	WFYR FM	Elmwood, IL	97.3	December 1, 2020
	WZPW FM	Peoria, IL	92.3	December 1, 2020
	WPRO AM	Providence, RI	630	April 1, 2022
Providence, RI	WPRO FM	Providence, RI	92.3	April 1, 2022
	WPRV AM	Providence, RI	790	April 1, 2022
	WEAN FM	Wakefield-Peacedale, RI	99.7	April 1, 2022



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	WWLI FM	Providence, RI	105.1	April 1, 2022
	WWKX FM	Woonsocket, RI	106.3	April 1, 2022
Reno, NV	KBUL FM	Carson City, NV	98.1	October 1, 2021
	KKOH AM	Reno, NV	780	October 1, 2021
	KNEV FM	Reno, NV	95.5	October 1, 2021
	KWYL FM	South Lake Tahoe, CA	102.9	December 1, 2021
Saginaw, MI	WHNN FM	Bay City, MI	96.1	October 1, 2020
	WILZ FM	Saginaw, MI	104.5	October 1, 2020
	WIOG FM	Bay City, MI	102.5	October 1, 2020
	WKQZ FM	Midland, MI	93.3	October 1, 2020

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Market	Stations	City of License	Frequency	Expiration Date of License	
Salt Lake City, UT	KKAT AM	Salt Lake City, UT	860	October 1, 2021	
	KBEE FM	Salt Lake City, UT	98.7	October 1, 2021	
	KBER FM	Ogden, UT	101.1	October 1, 2021	
	KENZ FM	Ogden, UT	101.9	October 1, 2021	
	KHTB FM	Provo, UT	94.9	October 1, 2021	
	KFNZ AM	Salt Lake City, UT	1320	October 1, 2021	
	KJQS AM	Murray, UT	1230	October 1, 2021	
	KUBL FM	Salt Lake City, UT	93.3	October 1, 2021	
	San Jose, CA	KSJO FM	San Jose, CA	92.3	December 1, 2021
San Francisco, CA	KGO AM	San Francisco, CA	810	December 1, 2021	
	KSFO AM	San Francisco, CA	560	December 1, 2021	
	KFFG FM	Los Gatos, CA	97.7	December 1, 2021	
	KFOG FM	San Francisco, CA	104.5	December 1, 2021	
	KNBR AM	San Francisco, CA	680	December 1, 2013	
	KSAN FM	San Mateo, CA	107.7	December 1, 2021	
	KTCT AM	San Mateo, CA	1050	December 1, 2021	
	Santa Barbara, CA	KRRF FM	Oak View, CA	106.3	December 1, 2021
	Savannah, GA	WBMQ AM	Savannah, GA	630	April 1, 2020
WEAS FM		Springfield, GA	93.1	April 1, 2020	
WIXV FM		Savannah, GA	95.5	April 1, 2020	
WJCL FM		Savannah, GA	96.5	April 1, 2020	
WJLG AM		Savannah, GA	900	April 1, 2020	
WZAT FM		Tybee Island, GA	102.1	April 1, 2020	
WTYB FM		Bluffton, SC	103.9	December 1, 2019	
Shreveport, LA		KMJJ FM	Shreveport, LA	99.7	June 1, 2020
		KQHN FM	Waskom, TX	97.3	August 1, 2021
	KRMD AM	Shreveport, LA	1340	June 1, 2020	
	KRMD FM	Oil City, LA	101.1	June 1, 2020	
	KVMA FM	Shreveport, LA	102.9	June 1, 2020	
	Springfield, MA	WHLL AM	Springfield, MA	1450	April 1, 2022
WMAS FM		Enfield, CT	94.7	April 1, 2022	
Stockton, CA	KJOY FM	Stockton, CA	99.3	December 1, 2021	
	KWIN FM	Lodi, CA	97.7	December 1, 2021	
Syracuse, NY	WAQX FM	Manlius, NY	95.7	June 1, 2022	
	WXTL FM	Syracuse, NY	105.9	June 1, 2022	
	WSKO AM	Syracuse, NY	1260	June 1, 2022	
	WNTQ FM	Syracuse, NY	93.1	June 1, 2022	
Tallahassee, FL	WBZE FM	Tallahassee, FL	98.9	February 1, 2020	
	WGLF FM	Tallahassee, FL	104.1	February 1, 2012	
	WHBT AM	Tallahassee, FL	1410	February 1, 2020	
	WHBX FM	Tallahassee, FL	96.1	February 1, 2020	
	WWLD FM	Cairo, GA	102.3	April 1, 2020	
Toledo, OH	WKKO FM	Toledo, OH	99.9	October 1, 2020	
	WLQR AM	Toledo, OH	1470	October 1, 2020	
	WRQN FM	Bowling Green, OH	93.5	October 1, 2020	
	WLQR FM	Delta, OH	106.5	October 1, 2020	

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WWWM FM	Sylvania, OH	105.5	October 1, 2020
WXKR FM	Port Clinton, OH	94.5	October 1, 2020
WMIM FM	Luna Pier, MI	98.3	October 1, 2020

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Market	Stations	City of License	Frequency	Expiration Date of License
Topeka, KS	KDVB FM	Effingham, KS	96.9	June 1, 2021
	KDVV FM	Topeka, KS	100.3	June 1, 2021
	KMAJ AM	Topeka, KS	1440	June 1, 2021
	KMAJ FM	Carbondale, KS	107.7	June 1, 2021
	KTOP FM	St. Marys, KS	102.9	June 1, 2021
	KRWP FM	Stockton, MO	107.7	February 1, 2021
	KTOP AM	Topeka, KS	1490	June 1, 2021
	KWIC FM	Topeka, KS	99.3	June 1, 2021
Tucson, AZ	KCUB AM	Tucson, AZ	1290	October 1, 2021
	KHYT FM	Tucson, AZ	107.5	October 1, 2021
	KIIM FM	Tucson, AZ	99.5	October 1, 2021
	KSZR FM	Oro Valley, AZ	97.5	October 1, 2021
	KTUC AM	Tucson, AZ	1400	October 1, 2021
Washington, DC	WMAL AM	Washington, DC	630	October 1, 2019
	WRQX FM	Washington, DC	107.3	October 1, 2019
	WMAL FM	Woodbridge, VA	105.9	October 1, 2019
Westchester, NY	WFAS AM	White Plains, NY	1230	June 1, 2022
	WFAS FM	White Plains, NY	94.3	June 1, 2022
Wichita Falls, TX	KLUR FM	Wichita Falls, TX	99.9	August 1, 2021
	KOLI FM	Electra, TX	94.9	August 1, 2021
	KQXC FM	Wichita Falls, TX	103.9	August 1, 2021
	KYYI FM	Burkburnett, TX	104.7	August 1, 2021
Wilkes-Barre, PA	WARM AM	Scranton, PA	590	August 1, 2022
	WBHT FM	Mountain Top, PA	97.1	August 1, 2022
	WBSX FM	Hazleton, PA	97.9	August 1, 2022
	WSJR FM	Dallas, PA	93.7	August 1, 2022
	WBHD FM	Olyphant, PA	95.7	August 1, 2022
	WMGS FM	Wilkes-Barre, PA	92.9	August 1, 2022
Wilmington, NC	WAAV AM	Leland, NC	980	December 1, 2019
	WGNI FM	Wilmington, NC	102.7	December 1, 2019
	WKXS FM	Leland, NC	94.5	December 1, 2019
	WMNX FM	Wilmington, NC	97.3	December 1, 2019
	WWQQ FM	Wilmington, NC	101.3	December 1, 2019
Worcester, MA	WORC FM	Webster, MA	98.9	April 1, 2022
	WWFX FM	Southbridge, MA	100.1	April 1, 2022
	WXLO FM	Fitchburg, MA	104.5	April 1, 2022
York, PA	WSOX FM	Red Lion, PA	96.1	August 1, 2022
	WSBA AM	York, PA	910	August 1, 2022
	WGLD AM	Manchester Township, PA	1440	August 1, 2022
Youngstown, OH	WARM FM	York, PA	103.3	August 1, 2022
	WBBW AM	Youngstown, OH	1240	October 1, 2020
	WHOT FM	Youngstown, OH	101.1	October 1, 2020
	WLLF FM	Mercer, PA	96.7	August 1, 2022
	WPIC AM	Sharon, PA	790	August 1, 2022
	WQXK FM	Salem, OH	105.1	October 1, 2020

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WSOM AM	Salem, OH	600	October 1, 2020
WWIZ FM	West Middlesex, PA	103.9	August 1, 2022
WYFM FM	Sharon, PA	102.9	August 1, 2022

Regulatory Approvals

The Communications Laws prohibit the assignment or transfer of control of a broadcast license without the prior approval of the FCC. In determining whether to grant an application for assignment or transfer of control of a broadcast license, the Communications Act requires the FCC to find that the assignment or transfer would serve the public interest. The FCC considers a number of factors in making this determination, including (1) compliance with various rules limiting common

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ownership or control of media properties, (2) the financial and “character” qualifications of the assignee or transferee (including those parties holding an “attributable” interest in the assignee or transferee), (3) compliance with the Communications Act’s foreign ownership restrictions, and (4) compliance with other Communications Laws, including those related to programming and filing requirements. As discussed in greater detail below, the FCC may also review the effect of proposed assignments and transfers of broadcast licenses on economic competition and diversity. See “— Antitrust and Market Concentration Considerations.”

For example, in connection with our 2011 acquisition of Citadel Broadcasting Corporation, we agreed to divest certain stations to comply with FCC ownership limits. These stations were assigned to a trustee under divestiture trusts that comply with FCC rules. The trust agreements stipulate that we must fund any operating shortfalls from the activities of the stations in the trusts, and any excess cash flow generated by such stations will be distributed to us until the stations are sold. For additional information see Note 2, “Acquisitions and Dispositions.”

Ownership Matters

The Communications Act restricts us from having more than 25% of our capital stock owned or voted by non-U.S. persons, foreign governments or non-U.S. corporations. We are required to take steps to monitor the citizenship of our stockholders periodically through representative samplings of stockholder citizenship or other appropriate means to establish a reasonable basis for certifying compliance with the foreign ownership restrictions of the Communications Act. In November 2013, the FCC issued a Declaratory Ruling in which it stated that it would review requests for companies to exceed the 25% alien ownership threshold in the Communications Act on a case-by-case basis, and in June 2014 Pandora Radio LLC (“Pandora”) filed a petition for a declaratory ruling with the FCC requesting that Pandora be allowed to buy a radio station even though it could not certify that its alien ownership was within the 25% threshold of the Communications Act, in large part because much of its stock is held in “street name” and Pandora therefore could not determine the scope of alien ownership of its stock. Pandora asked the FCC to allow the company to have up to 100% beneficial ownership by aliens as long as more than 50% of the voting control of the company rested in the hands of US citizens. The FCC issued a Public Notice in July 2014 inviting public comment on Pandora’s petition. The FCC has not yet issued a ruling, but any relief provided by the FCC to Pandora may have an impact on the permissible amount of alien ownership of our stock.

The Communications Laws also generally restrict (1) the number of radio stations one person or entity may own, operate or control in a local market, (2) the common ownership, operation or control of radio broadcast stations and television broadcast stations serving the same local market, and (3) the common ownership, operation or control of a radio broadcast station and a daily newspaper serving the same local market.

To our knowledge, none of these multiple and cross ownership rules requires any change in our current ownership of radio broadcast stations or precludes consummation of our pending acquisitions. The Communications Laws limit the number of additional stations that we may acquire in the future in our existing markets as well as any new markets. Because of these multiple and cross ownership rules, a purchaser of our voting stock who acquires an “attributable” interest in us (as discussed below) may violate the Communications Laws if such purchaser also has an attributable interest in other radio or television stations, or in daily newspapers, depending on the number and location of those radio or television stations or daily newspapers. Such a purchaser also may be restricted in the companies in which it may invest to the extent that those investments give rise to an attributable interest. If one of our stockholders with an attributable interest violates any of these ownership rules, we may be unable to obtain from the FCC one or more authorizations needed to conduct our radio station business and may be unable to obtain FCC consents for certain future acquisitions.

The FCC generally applies its television/radio/newspaper cross-ownership rules and its broadcast multiple ownership rules by considering the “attributable” interests held by a person or entity. With some exceptions, a person or entity will be deemed to hold an attributable interest in a radio station, television station or daily newspaper if the person or entity serves as an officer, director, partner, stockholder, member, or, in certain cases, a debt holder of a company that owns that station or newspaper. If an interest is attributable, the FCC treats the person or entity that holds that interest as the “owner” of the radio station, television station or daily newspaper in question, and that interest thus counts against the person in determining compliance with the FCC’s ownership rules.

With respect to a corporation, officers, directors and persons or entities that directly or indirectly hold 5% or more of the corporation's voting stock (20% or more of such stock in the case of insurance companies, investment companies, bank trust departments and certain other "passive investors" that hold such stock for investment purposes only) generally are attributed with ownership of the radio stations, television stations and daily newspapers owned by the corporation. As discussed below,

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participation in an LMA or a joint sales agreement (“JSA”) also may result in an attributable interest. See “— Local Marketing Agreements.”

With respect to a partnership (or limited liability company), the interest of a general partner (or managing member) is attributable. The following interests generally are not attributable: (1) debt instruments, non-voting stock, options and warrants for voting stock, partnership interests, or membership interests that have not yet been exercised; (2) limited partnership or limited liability company membership interests where (a) the limited partner or member is not “materially involved” in the media-related activities of the partnership or limited liability company, and (b) the limited partnership agreement or limited liability company agreement expressly “insulates” the limited partner or member from such material involvement by inclusion of provisions specified in FCC rules; and (3) holders of less than 5% of an entity’s voting stock, non-voting equity and debt interests (unless stock or other equity holdings, whether voting or non-voting and whether insulated or not, and/or debt interests collectively constitute more than 33% of a station’s “enterprise value”, which consists of the total equity and debt capitalization, and the non-voting stockholder or equity-holder/debt holder has an attributable interest in another radio station, television station or newspaper in the same market or supplies more than 15% of the programming of the station owned by the debtor).

In December 2011, the FCC issued a Notice of Proposed Rulemaking based on its 2010 quadrennial review of broadcast ownership rules (which is required by statute). The FCC tentatively concluded that (1) the existing limitations on the number of radio stations a party can own in a particular market remain necessary to serve the public interest, (2) it should retain the AM/FM subcaps which limit the number of radio stations a single party can own in a particular service (AM or FM) in an individual market, (3) it should reinstate a rule adopted in 2008 (and subsequently voided by a court on appeal) to relax the radio/television-newspaper cross-ownership rule in the top 20 DMAs under certain conditions, and (4) it should repeal the radio-television cross ownership rule which restricts a party’s ability to own radio and television stations in the same market. In each case, the FCC requested comment on these tentative conclusions, and, more specifically, whether the change in the competitive landscape over the last fifteen years — including the advent of satellite radio, the Internet, and radio’s use of digital technology — warrants changes to its broadcast ownership rules. The FCC also requested comments concerning the impact of its local radio ownership rule on minority and female broadcast ownership. In June 2013, the FCC requested comment on a study submitted by the Minority Media & Telecommunications Council which concluded that the elimination of the FCC’s cross-ownership rules for radio and television as well as for newspapers would have a negligible impact on minority and female ownership of radio and television stations. We cannot predict the timing or outcome of this proceeding or whether any new rules adopted by the FCC will have a material adverse effect on us.

**Programming and Operation**

The Communications Act requires broadcasters to serve the “public interest.” To satisfy that obligation broadcasters are required by FCC rules and policies to present programming that is responsive to community problems, needs and interests and to maintain certain records demonstrating such responsiveness. FCC rules require that each radio broadcaster place a list in its public inspection file at the end of each quarter which identifies important community issues and the programs the radio broadcaster used in the prior quarter to address those issues. The FCC adopted rules for television broadcasters in 2008, which require that certain portions of a television station’s public inspection file be uploaded to the FCC’s online data base. On December 18, 2014, the FCC released a Notice of Proposed Rulemaking in which it proposed that radio stations likewise be required to upload their public inspection files to the FCC’s online data base (although the FCC proposed that the new rule would be immediately applicable only to radio stations in the top 50 markets and that stations in smaller markets would be given two years to upload their public inspection files to the FCC’s online data base). We cannot predict at this time to what extent, if any, the FCC’s proposals will be adopted or the impact which adoption of any one or more of those proposals will have on the Company.

Complaints from listeners concerning a station’s programming may be filed at any time and will be considered by the FCC both at the time they are filed and in connection with a licensee’s renewal application. FCC rules also require broadcasters to provide equal employment opportunities (“EEO”) in the hiring of new personnel, to abide by certain procedures in advertising employment opportunities, to make information available on employment opportunities on their website (if they have one), and maintain certain records concerning their compliance with EEO rules. The FCC



will entertain individual complaints concerning a broadcast licensee's failure to abide by the EEO rules but also conducts random audits on broadcast licensees' compliance with EEO rules. We have been subject to numerous EEO audits. To date, none of those audits has disclosed any major violation that would have a material adverse effect on our operations. Stations also must follow provisions in the Communications Laws that regulate a variety of other activities, including political advertising, the broadcast of obscene or indecent programming, sponsorship identification, the broadcast of contests and lotteries, and technical operations (including limits on radio frequency radiation). On November 21, 2014, the FCC released a Notice of Proposed Rulemaking to revise its rules that require a radio station to broadcast the material terms and conditions of any on-air contest. The FCC proposed to

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allow stations to satisfy that disclosure obligation by posting the material terms and conditions of an on-air contest on the station's web site or on another publicly-available Internet site instead of broadcasting them over the air. We cannot predict the outcome of the FCC's rulemaking proceeding or how it may affect our operations.

We are and have been subject to listener complaints from time to time on a variety of matters, and, while none of them has had a material adverse effect our operations as a whole to date, we cannot predict whether any future complaint might have a material adverse effect on our financial condition or results of operations.

Local Marketing Agreements

A number of radio stations, including certain of our stations, have entered into LMAs. In a typical LMA, the licensee of a station makes available, for a fee and reimbursement of its expenses, airtime on its station to a party which supplies programming to be broadcast during that airtime, and collects revenues from advertising aired during such programming. LMAs are subject to compliance with the antitrust laws and the Communications Laws, including the requirement that the licensee must maintain independent control over the station and, in particular, its personnel, programming, and finances.

A station that brokers more than 15% of the weekly programming hours on another station in its market will be considered to have an attributable ownership interest in the brokered station for purposes of the FCC's ownership rules. As a result, a radio station may not enter into an LMA that allows it to program more than 15% of the weekly programming hours of another station in the same market that it could not own under the FCC's multiple ownership rules.

Joint Sales Agreements

From time to time, radio stations enter into JSAs. A typical JSA authorizes one party or station to sell another station's advertising time and retain the revenue from the sale of that airtime in exchange for a periodic payment to the station whose airtime is being sold (which may include a share of the revenue collected from the sale of airtime). Like LMAs, JSAs are subject to compliance with antitrust laws and the Communications Laws, including the requirement that the licensee must maintain independent control over the station and, in particular, its personnel, programming, and finances.

Under the FCC's ownership rules, a radio station that sells more than 15% of the weekly advertising time of another radio station in the same market will be attributed with the ownership of that other station. For that reason, a radio station cannot have a JSA with another radio station in the same market if the FCC's ownership rules would otherwise prohibit that common ownership.

In January 2000, the FCC released a Report and Order adopting rules for a new Low Power FM ("LPFM") service consisting of two classes of radio stations, one with a maximum power of 100 watts and the other with a maximum power of 10 watts. On December 11, 2007, the FCC released a Report and Order which made changes in the rules and provided further protection for LPFM radio stations and, in certain circumstances, required full power stations (like the ones we own) to provide assistance to LPFM stations in the event they are subject to interference or are required to relocate their facilities to accommodate the inauguration of new or modified service by a full power radio station. The FCC has limited ownership and operation of LPFM stations to persons and entities that do not currently have an attributable interest in any FM station and has required that LPFM stations be operated on a non-commercial educational basis. The FCC has granted numerous construction permits for LPFM stations and many LPFM stations are now operating around the country. To date, LPFM radio stations have not had a material adverse effect on our operations. The Local Radio Community Act of 2010 (the "LRCA"), which was signed into law in January 2011, requires the FCC to, among other things, (1) modify its rules to authorize LPFM stations to operate on second-adjacent channels to full-power radio stations, and (2) waive second-adjacent channel separation requirements if the proposed operation of an LPFM station would not cause interference to any authorized full-power station. This law required the FCC to complete a study within one year of enactment to assess the economic impact that LPFM stations have on full-power radio stations like the stations we own. In compliance with this law, the FCC issued several reports in 2012 in which it found that LPFM stations generally serve areas that are substantially smaller in size and population than those served by full-service commercial radio stations, that LPFM stations have less of an Internet presence than full-power stations, that LPFM stations offer program formats different than full-power stations, and

that the average LPFM station located in an Nielsen Audio market has negligible ratings and a significantly smaller audience than most full-power stations in the same market.

The FCC's action under the LRCA could increase the number of LPFM stations in markets where we have stations, and that increase could produce interference from LPFM stations to our stations. We cannot predict at this time whether the LRCA in particular or the advent of LPFM service in general will have a material adverse impact on our operations in the future. Nor can we predict whether LPFM service could increase competition for listeners and revenues and have a material adverse effect on our operations.

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In April 2009, the FCC issued a notice of proposed rulemaking that proposed a number of changes in the FCC's policies for allocating radio stations to particular markets and preferences that would be accorded to applicants to implement the command of Section 307(b) of the Communications Act that radio services be distributed fairly throughout the country.

On March 3, 2011, the FCC issued an order in that rulemaking proceeding which would limit the ability of a broadcaster to move a radio station from one community to another. The FCC created a rebuttable presumption that would apply when a proposed community is located in an urbanized area or when the station could cover more than 50% of an urbanized area through the proposed community. In either of those circumstances, it would be presumed that the broadcaster intends to serve the entire urbanized area rather than the specified community and would not be allowed to change the station's community of license unless the broadcaster presented a compelling showing that (1) the proposed community is "truly" independent of the urbanized area, (2) the proposed community has a specific need for an outlet for local expression separate from the urbanized area, and (3) the station would be able to serve the community's need for a local outlet. The FCC further explained that (1) in no event would it approve any proposal that would create an area that had no access to radio services or access to only one radio service, and (2) the FCC would "strongly disfavor" any community change that would result in the loss of third, fourth or fifth radio service to more than 15% of the population within a station's existing service area or that would deprive any community of "substantial size" (meaning a community with a population of 7,500 or greater) of its second local service. In subsequent decisions, the FCC explained that its policy does not apply to situations where a station is moving its community of license from one urbanized area to another urbanized area or from a community inside an urbanized area to another community in the same urbanized area. The FCC's policy could nonetheless limit our options in relocating or acquiring radio stations and, to that extent, may have an adverse impact on our operations.

Antitrust and Market Concentration Considerations

In addition, from time to time Congress and the FCC have considered, and may in the future consider and adopt, new laws, regulations and policies regarding a wide variety of matters that could, directly or indirectly, affect the operation, ownership or profitability of our radio stations, result in the loss of audience share and advertising revenues for our radio stations, and affect our ability to acquire additional radio stations or finance such acquisitions. Potential future acquisitions, to the extent they meet specified size thresholds, will be subject to applicable waiting periods and possible review under the Hart-Scott-Rodino Act ("HSR Act"), by the Department of Justice ("the DOJ") or the Federal Trade Commission (the "FTC"), either of whom can be required to, or can otherwise determine to, evaluate a transaction to determine whether that transaction should be challenged under the federal antitrust laws. Transactions are subject to the HSR Act only if the acquisition price or fair market value of the stations to be acquired is \$70.9 million or more. Acquisitions that are not required to be reported under the HSR Act may still be investigated by the DOJ or the FTC under the antitrust laws before or after consummation. At any time before or after the consummation of a proposed acquisition, the DOJ or the FTC could take such action under the antitrust laws as it deems necessary, including seeking to enjoin the acquisition or seeking divestiture of the business acquired or certain of our other assets. The DOJ has reviewed numerous potential radio station acquisitions where an operator proposed to acquire additional stations in its existing markets or multiple stations in new markets, and has challenged a number of such transactions. Some of these challenges have resulted in consent decrees requiring the sale of certain stations, the termination of LMAs or other relief. In general, the DOJ has more closely scrutinized radio mergers and acquisitions resulting in local market shares in excess of 35% of local radio advertising revenues, depending on format, signal strength and other factors. There is no precise numerical rule, however, and certain transactions resulting in more than 35% revenue shares have not been challenged, while certain other transactions may be challenged based on other criteria such as audience shares in one or more demographic groups as well as the percentage of revenue share. We estimate that we have more than a 35% share of radio advertising revenues in many of our markets.

We are aware that the DOJ commenced, and subsequently discontinued, investigations of several of our prior acquisitions. In addition, the DOJ is currently conducting a review of our December 2013 acquisition of WestwoodOne. The DOJ can be expected to continue to enforce the antitrust laws in this manner, and there can be no

assurance that one or more of our pending or future acquisitions are not or will not be the subject of an investigation or enforcement action by the DOJ or the FTC. Similarly, there can be no assurance that the DOJ, the FTC or the FCC will not prohibit such acquisitions, require that they be restructured, or in appropriate cases, require that we divest stations we already own in a particular market or divest specific lines of business. In addition, private parties may under certain circumstances bring legal action to challenge an acquisition under the antitrust laws.

As part of its review of certain radio station acquisitions, the DOJ has stated publicly that it believes that commencement of operations under LMAs, JSAs and other similar agreements customarily entered into in connection with radio station ownership assignments and transfers prior to the expiration of the waiting period under the HSR Act could violate the HSR Act. In connection with acquisitions subject to the waiting period under the HSR Act, we will not commence operation of any

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affected station to be acquired under an LMA, a JSA, or similar agreement until the waiting period has expired or been terminated.

No assurances can be provided that actual, threatened or possible future DOJ or FTC action in connection with potential transactions would not have a material adverse effect on our ability to enter into or consummate various transactions, or operate any acquired stations at any time in the future.

## Executive Officers of the Company

The following table sets forth certain information with respect to our executive officers as of February 28, 2015:

Name	Age	Position(s)
Lewis W. Dickey, Jr.	53	Chairman, President, and Chief Executive Officer
Joseph P. Hannan	43	Senior Vice President, Treasurer and Chief Financial Officer
Richard S. Denning	48	Senior Vice President, Secretary and General Counsel
John W. Dickey	48	Executive Vice President, Content and Programming

Lewis W. Dickey, Jr. is our Chairman, President and Chief Executive Officer. Mr. L. Dickey has served as our Chairman, President and Chief Executive Officer since December 2000. Mr. Dickey was one of our founders and initial investors, and served as our Executive Vice Chairman from March 1998 to December 2000. Mr. L. Dickey is a nationally regarded consultant on radio strategy and the author of *The Franchise — Building Radio Brands*, published by the National Association of Broadcasters, one of the industry's leading texts on competition and strategy. Mr. L. Dickey also serves as a member of the National Association of Broadcasters Radio Board of Directors. He holds Bachelor of Arts and Master of Arts degrees from Stanford University and a Master of Business Administration degree from Harvard University. Mr. L. Dickey is the brother of John W. Dickey.

Joseph P. Hannan is our Senior Vice President, Treasurer and Chief Financial Officer. He was appointed Interim Chief Financial Officer on July 1, 2009 and became our Chief Financial Officer in March 2010. Prior to that, he served as our Vice President and Controller since joining our Company in April 2008. From May 2006 to July 2007, he served as Vice President and Chief Financial Officer of the radio division of Lincoln National Corporation (NYSE: LNC) and from March 1995 to November 2005 he served in a number of executive positions including Chief Operating Officer and Chief Financial Officer of Lambert Television, Inc., a privately held television broadcasting, production and syndication company. Mr. Hannan has served on a number of private and public company boards, including Regent Communications, International Media Group, and iBlast, Inc. Mr. Hannan received his Bachelor of Science degree in Business Administration from the University of Southern California.

Richard S. Denning is our Senior Vice President, Secretary and General Counsel. Prior to joining the Company, Mr. Denning was an attorney with Dow, Lohnes & Albertson, PLLC ("DL&A") within DL&A's corporate practice group in Atlanta, advising a number of media and communications companies on a variety of corporate and transactional matters. Mr. Denning also spent four years in DL&A's Washington, D.C. office and has extensive experience in regulatory proceedings before the FCC. Mr. Denning has been a member of the Pennsylvania Bar since 1991, the District of Columbia Bar since 1993, and the Georgia Bar since 2000. He is a graduate of The National Law Center, George Washington University.

John W. Dickey is our Executive Vice President of Content and Programming. Mr. J. Dickey has served as Executive Vice President of Content and Programming since September 2014, and previously served as our Executive Vice President and Co-Chief Operating Officer since 2007. Mr. J. Dickey joined Cumulus in 1998 and, prior to that, served as the Director of Programming for Midwestern Broadcasting from 1990 to March 1998. Mr. J. Dickey holds a Bachelor of Arts degree from Stanford University. Mr. J. Dickey is the brother of Lewis W. Dickey, Jr.

## Available Information

The Company is required to file annual, quarterly and current reports, proxy statements and other information with the SEC. The public may read and copy any materials that the Company files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. Our Internet site address is [www.cumulus.com](http://www.cumulus.com). On our site, we make available, free of

charge, our most recent annual report on Form 10-K ,

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subsequent quarterly reports, current reports and our proxy statement, and other information we file with the SEC, as soon as reasonably practicable after such documents are filed.

Item 1A. Risk Factors

Many statements contained in this Report are forward-looking in nature. These statements are based on our current plans, intentions or expectations, and actual results could differ materially as we cannot guarantee that we will achieve these plans, intentions or expectations. See “— Cautionary Statement Regarding Forward-Looking Statements.” Forward-looking statements are subject to numerous risks and uncertainties, including those specifically identified below. The Company cautions you not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Additional factors not presently known to the Company, or that the Company does not currently believe to be material, may also cause actual results to differ materially from expectations. Except as may be required by law, the Company undertakes no obligation to update or alter these forward-looking statements, whether as a result of new information, future events, or otherwise.

Risks Related to Our Business

The success of our business is dependent upon advertising revenues, which are seasonal and cyclical, and will also fluctuate as a result of a number of factors, some of which are beyond our control.

Our main source of revenue is the sale of advertising. Our ability to sell advertising depends on, among other things:

- economic conditions in the areas where our stations are located and in the nation as a whole;
- the popularity of the programming offered by our stations;
- changes in the population demographics in the areas where our stations are located;
- local and national advertising price fluctuations, which can be affected by the availability of programming, the popularity of programming, and the relative supply of and demand for commercial advertising;
- our competitors’ activities, including increased competition from other advertising-based mediums;
- decisions by advertisers to withdraw or delay planned advertising expenditures for any reason; and
- other factors beyond our control.

Our operations and revenues also tend to be seasonal in nature, with generally lower revenue generated in the first quarter of the year and generally higher revenue generated in the second and fourth quarters of the year. The seasonality of our business reflects the adult orientation of our formats and relationship between advertising purchases on these formats and the retail cycle. This seasonality causes and will likely continue to cause a variation in our quarterly operating results. Such variations could have a material effect on the timing of our cash flows. In addition, our revenues tend to fluctuate between years, consistent with, among other things, increased advertising expenditures in even-numbered years by political candidates, political parties and special interest groups. This political spending typically is heaviest during the fourth quarter.

We operate in a very competitive business environment and a decrease in our ratings or market share would adversely affect our revenues.

The radio broadcasting industry is very competitive. The success of each of our stations depends largely upon rates it can charge for its advertising which, in turn, depends on, among other things, the number of local advertising competitors and the overall demand for advertising within individual markets. These conditions are subject to change and highly susceptible to both micro and macroeconomic conditions.

Audience ratings and market shares fluctuate, and any adverse change in a particular market could have a material adverse effect on the revenue of stations located in that market. While we already compete with other stations with comparable programming formats in many of our markets, any one of our stations could suffer a reduction in ratings or revenue and could require increased promotion and other expenses, and, consequently, could experience reduced operating results, if:

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another radio station in the market was to convert its programming format to a format similar to our station or launch aggressive promotional campaigns;

• a new station were to adopt a competitive format;

• we experience increased competition from non-radio sources;

• there is a shift in population, demographics, audience tastes or other factors beyond our control;

• an existing competitor was to strengthen its operations; or

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any one or all of our stations were unable to maintain or increase advertising revenue or market share for any other reasons.

The Telecom Act may allow for the further consolidation of ownership of radio broadcasting stations in markets in which we operate or may operate in the future, which could further increase competition in these markets. In addition, some competing owners may be larger and have substantially more financial and other resources than we do, which could provide them with certain advantages in competing against us. As a result of all the foregoing, there can be no assurance that the competitive environment will not affect us, and that any one or all of our stations will be able to maintain or increase advertising revenue market share.

The loss of affiliation agreements by our radio networks could materially adversely affect our financial condition and results of operations.

Our radio networks have approximately 14,000 station affiliates and 8,500 program affiliations. They receive advertising inventory from their affiliated stations, either in the form of stand-alone advertising time within a specified time period or commercials inserted by our radio networks into their programming. In addition, primarily with respect to satellite radio providers, we receive a fee for providing such programming. The loss of network affiliation agreements by our radio networks could adversely affect our results of operations by reducing the reach of our network programming and, therefore, their attractiveness to advertisers. Renewals of such agreements on less favorable terms may also adversely affect our results of operations through reduction of advertising revenue. We must continue to respond to the rapid changes in technology, services and standards that characterize our industry in order to remain competitive. Our failure to timely or appropriately respond to any such changes could materially adversely affect our business and results of operations.

The radio broadcasting industry is subject to technological change, evolving industry standards and the emergence of other media technologies and services with which we compete for advertising dollars. We may not have the resources to acquire and deploy other technologies or to create or introduce new services that could effectively compete with these other technologies. Competition arising from other technologies or regulatory change may have a material adverse effect on us, and on the radio broadcasting industry as a whole. Various other audio technologies and services that have recently been developed and introduced, and which have or will have the ability to compete for advertising dollars traditionally spent on radio advertising include:

- personal digital audio devices (e.g. smart phones, tablets);
- satellite delivered digital radio services that offer numerous programming channels such as Sirius Satellite Radio;
- audio programming by internet content providers, internet radio stations such as Pandora Internet Radio, cable systems, direct broadcast satellite systems, personal communications services and other digital audio broadcast formats;
- HD Radio, which provides multi-channel, multi-format digital radio services in the same bandwidth currently occupied by traditional AM and FM radio services;
- low power FM radio stations, which are non-commercial FM radio broadcast outlets that serve small, localized areas;
- portable digital devices and systems that permit users to listen to programming on a time-delayed basis and to fast-forward through programming and/or advertisements; and
- search engine and e-commerce websites where a significant portion of their revenues are derived from advertising dollars such as Google, Inc. and Yelp.

These or other new technologies have the potential to change the means by which advertisers can reach target audiences most effectively. We cannot predict the effect, if any, that competition arising from other technologies or regulatory change may have on the radio broadcasting as a whole.

Disruptions or security breaches of our information technology infrastructure could interfere with our operations, compromise client information and expose us to liability, possibly causing our business and reputation to suffer.

Any internal technology error or failure impacting systems hosted internally or externally, or any large scale external interruption in technology infrastructure we depend on, such as power, telecommunications or the Internet, may disrupt our technology network. Any individual, sustained or repeated failure of technology could impact our customer service and result in increased costs or reduced revenues. Our technology systems and related data also may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures,

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computer viruses, hackers and other security issues. While we have in place, and continue to invest in, technology security initiatives and disaster recovery plans, these measures may not be adequate or implemented properly to prevent a business disruption and its adverse financial and consequences to our business' reputation.

In addition, as a part of our ordinary business operations, we may collect and store sensitive data, including personal information of our clients, listeners and employees. The secure operation of the networks and systems on which this type of information is stored, processed and maintained is critical to our business operations and strategy. Any compromise of our technology systems resulting from attacks by hackers or breaches due to employee error or malfeasance could result in the loss, disclosure, misappropriation of or access to clients', listeners', employees' or business partners' information. Any such loss, disclosure, misappropriation or access could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disrupt operations and damage our reputation, any or all of which could adversely affect our business.

We have written off, and could in the future be required to write off, a significant portion of the fair market value of our FCC broadcast licenses and goodwill, which may adversely affect our financial condition and results of operations.

As of December 31, 2014, our FCC licenses and goodwill comprised 76.1% of our assets. Each year, and more frequently on an interim basis if appropriate, we are required by Accounting Standards Codification ("ASC") Topic 350, Intangibles — Goodwill and Other ("ASC 350"), to assess the fair market value of our FCC broadcast licenses and goodwill to determine whether the carrying value of those assets is impaired. If the carrying value of the assets is impaired, we will be required to record a non-cash expense to write-down the book value of the assets to the estimated value. Any such write-down could materially adversely affect our financial results in the period in which such write-down occurs. We did not record any impairment charges in 2014 and 2013.

There are risks associated with our acquisition strategy, and our failure to execute this strategy could materially adversely affect our financial condition and results of operations.

We intend to continue to evaluate opportunities to grow by selectively acquiring radio stations in larger markets and geographically strategic regional clusters, as well as complimentary platforms, in the future. We cannot predict whether we will be successful in pursuing or completing any acquisitions or what the consequences of not completing any acquisitions would be. In addition, there can be no assurances that we will be able to continue to identify suitable acquisition candidates.

Consummation of any proposed acquisitions would likely be subject to various conditions such as compliance with FCC rules and policies. Consummation of acquisitions may also be subject to antitrust regulatory requirements. These FCC rules and policies include provisions which:

- require prior FCC approval of license assignments and transfers;
- limit the number of stations a broadcaster may own in a given local market; and
- include ownership "attribution" rules that could limit our ability to acquire stations in certain markets where one or more of our stockholders, officers or directors has other media interests.

Antitrust regulatory requirements include:

- filings with the DOJ and the FTC under the HSR Act, where applicable;
- awaiting expiration or termination of any applicable waiting period under the HSR Act; and
- possible review by the DOJ or the FTC of antitrust issues under the HSR Act or otherwise.

The Communications Act and FCC rules allow members of the public and other interested parties to file petitions seeking to deny, or other objections to the FCC with respect to, the grant of any transfer or assignment application. The FCC could rely on those objections or its own initiative to deny a transfer or assignment application or to require changes in the transaction, including the divestiture of radio stations and other assets that we already own or propose to acquire, as a condition to having the application granted. The FCC could also change its existing rules and policies to reduce the number of stations that we would be permitted to acquire in some markets. We cannot be certain that any of these conditions would be satisfied in connection with any proposed acquisition, the timing thereof or the potential impact that any such conditions may have on us, which may include one or more requirements that we divest stations or assets in order to complete any proposed acquisition. In addition, the FCC has in the past considered an applicant's

existing and prospective share of radio advertising dollars in a particular market as part of its acquisition approval process, even where a proposed assignment or transfer of control would comply with the numerical limits on local radio station ownership in the FCC's rules and the Communications Act, and while it has expressly disavowed using that policy in its current review of assignments and transfers, the FCC has the power to reinstate the policy, which could materially adversely affect our ability to complete, or obtain the expected benefits from, any proposed

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acquisition. Any actions by the FCC or DOJ that have the effect of denying, delaying or affecting the terms of any potential acquisitions could have a material adverse effect on our financial condition or results of operations.

Our acquisition strategy involves numerous other risks, which may include risks associated with:

- identifying suitable acquisition candidates and negotiating definitive purchase agreements on satisfactory terms;
- integrating operations and systems and managing a large and geographically diverse group of stations;
- obtaining financing to complete acquisitions, which financing may not be available to us at times, in amounts, or at rates acceptable to us, if at all, and potentially the related risks associated with increased debt,
- diverting our management's attention from other business concerns;
- potentially losing key employees at acquired stations; and
- potential changes in the regulatory approval process that may make it materially more expensive, or materially delay our ability, to consummate any proposed acquisitions.

We cannot be certain that we will be able to successfully integrate any acquired stations or businesses or manage the resulting business effectively, or that any acquisition will achieve the benefits that we anticipate. In addition, we are not certain that we will be able to acquire properties at valuations as favorable as those of previous acquisitions.

Depending upon the nature, size and timing of potential future acquisitions, we may be required to obtain additional financing in order to consummate any acquisitions. We cannot assure you that our debt agreements, as may be in place at any time, will permit us to consummate an acquisition or access the necessary additional financing because of certain covenant restrictions or that additional financing will be available to us or, if available, that financing would be on terms acceptable to our management.

Our failure to identify, complete or integrate any acquired business, or to obtain the expected benefits therefrom, could materially adversely affect our strategy, and our financial condition and results of operations.

We may fail to realize any benefits and incur unanticipated losses related to any acquisition.

The success of any strategic acquisitions we complete will depend, in part, on our ability to successfully combine the acquired business and assets with our business and our ability to successfully manage the assets so acquired. It is possible that the integration process could result in the loss of key employees, the disruption of ongoing business or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers and employees or to achieve the anticipated benefits of the acquisition.

Successful integration may also be hampered by any differences between the operations and corporate culture of the two organizations. Additionally, general market and economic conditions may inhibit our successful integration of any business. If we experience difficulties with the integration process, the anticipated benefits of the acquisition may not be realized fully, or at all, or may take longer to realize than expected. Finally, any cost savings that are realized may be offset by losses in revenues from the acquired business, any assets or operations disposed of in connection therewith or otherwise, or charges to earnings in connection with such acquisitions.

Disruptions in the capital and credit markets could restrict our ability to access further financing.

We may rely in significant part on the capital and credit markets to meet our financial commitments and short-term liquidity needs if internal funds from operations are not sufficient for these purposes in the future. Disruptions in the capital and credit markets could adversely affect our ability to draw on our credit facilities or access capital. Our access to funds under credit facilities is dependent on, among other things, the ability of our lenders to meet their funding commitments. Those lenders may not be able or willing to meet their funding commitments if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from their borrowers within a short period of time. Disruptions in the capital and credit markets have also resulted in increased costs associated with bank credit facilities. Continued disruptions could increase our interest expense and adversely affect our results of operations.

Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives or failures of significant financial institutions, could adversely affect our access to financing. Any such disruption could increase our costs, require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding could be arranged. Such measures could include higher cost

financings, deferring capital expenditures and reducing or eliminating future uses of cash, any of which could materially adversely affect our business and results of operations.

We are exposed to credit risk on our accounts receivable. This risk is heightened during periods of worsened economic conditions.

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Our outstanding trade receivables are not covered by collateral or credit insurance. While we have procedures to monitor and limit exposure to credit risk on our receivables, which risk is heightened during periods of worsened economic conditions, there can be no assurance such procedures will effectively limit our credit risk and enable us to avoid losses, which could have a material adverse effect on our financial condition and operating results.

We are dependent on key personnel.

Our business is managed by a small number of key management and operating personnel, and our loss of one or more of these individuals could have a material adverse effect on our business. We believe that our future success will depend in large part on our ability to attract and retain highly skilled and qualified personnel and to expand, train and manage our employee base. Although we have entered into employment agreements with some of our key management personnel that include provisions restricting their ability to compete with us under specified circumstances, we cannot assure you that all of those restrictions would be enforced if challenged in court.

We also from time to time enter into agreements with on-air personalities with large loyal audiences in their individual markets to protect our interests in those relationships that we believe to be valuable. The loss of one or more of these personalities could result in losses of audience share in that particular market which, in turn, could adversely affect revenues in that particular market.

The broadcasting industry is subject to extensive and changing federal regulation.

The radio broadcasting industry is subject to extensive regulation by the FCC under the Communications Act. We are required to obtain licenses from the FCC to operate our stations. Licenses are normally granted for a term of eight years and are renewable. Although the vast majority of FCC radio station licenses are routinely renewed, we cannot assure you that the FCC will grant our existing or future renewal applications or that the renewals will not include conditions out of the ordinary course. The non-renewal, or renewal with conditions, of one or more of our licenses could have a material adverse effect on us.

We must also comply with the extensive FCC regulations and policies on the ownership and operation of our radio stations. FCC regulations limit the number of radio stations that a licensee can own in a market, which could restrict our ability to acquire radio stations that could be material to our overall financial performance or our financial performance in a particular market.

The FCC also requires radio stations to comply with certain technical requirements to limit interference between two or more radio stations. Despite those limitations, a dispute could arise whether another station is improperly interfering with the operation of one of our stations or another radio licensee could complain to the FCC that one of our stations is improperly interfering with that licensee's station. There can be no assurance as to how the FCC might resolve that dispute. These FCC regulations and others may change over time, and we cannot assure you that those changes would not have a material adverse effect on us.

The FCC has been vigorous in its enforcement of its rules and regulations, including its indecency, sponsorship identification and EAS rules, violations of which could have a material adverse effect on our business.

As a participant in an industry highly regulated by the FCC, the Company is subject to many rules and regulations that govern the operations of its radio stations. The FCC's regulatory oversight is augmented by statutory authority for the FCC to impose monetary and non-monetary penalties on broadcasters, which can include substantial fines, the revocation of station licenses, and the shortening or the conditioning of the renewal of station licenses. Indeed, the FCC has previously imposed, or sought to impose, fines on the Company and has shortened the renewal terms for certain of its radio stations, in response to rule violations. It also is not uncommon for the radio station and the FCC to seek to settle alleged rule violations prior to the issuance of an order that would impose fines and other penalties, but such settlements or Consent Decrees usually result in the station owner paying money to the FCC. Notwithstanding the efforts by the Company to prevent violations of FCC rules and regulations, however, it is likely that the Company will continue to be subject to such penalties (whether through the issuance of orders by the FCC or the execution of settlement agreements) given the number of radio stations owned and/or operated by the Company, and those penalties can be substantial.

The FCC's regulations, for instance, prohibit the broadcast of "obscene" material at any time, and "indecent" material between the hours of 6:00 a.m. and 10:00 p.m. Violations of this rule can result in fines up to \$325,000 for each



violation. In June 2012, the United States Supreme Court issued a decision which held that the FCC had failed to give broadcasters adequate notice of a change in FCC policy in 2004 that exposed a station owner to penalties because of broadcasts which included fleeting expletives or momentary nudity (in a television broadcast). In light of pending litigation over its indecency policy, the

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FCC refrained from disposing of indecency complaints, and reports indicated at one point that hundreds of thousands of indecency complaints were pending at the FCC (and the FCC often required broadcasters like us to enter into agreements to toll the statute of limitations to preserve the FCC's ability to issue fines long after the complaints had been filed as a condition to the FCC's grant of a renewal application or an assignment or transfer application). In April 2013, the FCC invited comment on the Supreme Court's decision and what, if any, changes are required in its policies and how it should handle the volume of indecency complaints that were still pending at the FCC. This matter remains pending at the FCC (although the FCC has processed many of the indecency complaints that were back-logged because of the litigation), and it is therefore impossible to predict what, if any, impact the Supreme Court's decision and the FCC's ensuing regulatory proceedings will have on any complaints that have been or may be filed against our stations.

Another area of increased regulatory activity concerns provisions of the Communications Act and FCC regulations that require a radio station to include an on-air announcement which identifies the sponsor of all advertisements and other matter broadcast by any radio station for which any money, service or other valuable consideration is received. After years of relative inactivity on the sponsorship identification front, the FCC recently increased its enforcement of the sponsorship identification requirements, and that heightened activity resulted in the FCC levying a fine against one of the Company's Chicago, IL radio stations for ads broadcast by the station's prior owner. While such fine was not material to the operations of the Company, fines for such violations can be substantial as they are dependent on the number of times a particular advertisement is broadcast. Similarly, the FCC has recently sought to impose substantial fines on broadcasters who transmit Emergency Alert System ("EAS") codes, or simulations thereof, in the absence of an actual emergency or authorized test of the EAS. Last year, for instance, the FCC imposed a fine of \$1.9 million on three broadcasters based on a determined misuse of EAS tones.

The Company is currently subject to, and may become subject to new, FCC inquiries or proceedings related to our stations' broadcasts or operations. We cannot predict the outcome of such inquiries and proceedings, but to the extent that such inquiries or proceedings result in the imposition of fines (alone or in the aggregate), a settlement with the FCC, revocation of any of our station licenses or denials of license renewal applications, our results of operation and business could be materially adversely affected.

Legislation could require radio broadcasters to pay royalties to record labels and recording artists.

We currently pay royalties to song composers and publishers through Broadcast Music Inc., the American Society of Composers, Authors and Publishers and SESAC, Inc. but not to record labels or recording artists for exhibition or use of over the air broadcasts of music. From time to time Congress considers legislation which could change the copyright fees and the procedures by which the fees are determined. The legislation historically has been the subject of considerable debate and activity by the broadcast industry and other parties affected by the proposed legislation. It cannot be predicted whether any proposed legislation will become law or what impact it would have on our results from operations, cash flows or financial position.

We are a holding company with no material independent assets or operations and we depend on our subsidiaries for cash.

We are a holding company with no material independent assets or operations, other than our investments in our subsidiaries. Because we are a holding company, we are dependent upon the payment of dividends, distributions, loans or advances to us by our subsidiaries to fund our obligations. These payments could be or become subject to restrictions under applicable laws in the jurisdictions in which our subsidiaries operate. Payments by our subsidiaries are also contingent upon the subsidiaries' earnings. If we are unable to obtain sufficient funds from our subsidiaries to fund our obligations, our financial condition and ability to meet our obligations may be adversely affected.

**Risks Related to Our Indebtedness**

Our financial performance and the level of our outstanding debt may make it more difficult to comply with the covenants in our debt instruments, including the financial covenant in our Credit Agreement (defined below), which could result in the loss or restriction of our sources of liquidity, could cause a default or an event of default under such debt instruments and a related acceleration of our indebtedness and, in some instances, the foreclosure on some or all of our assets, any of which could have a material adverse effect on our financial condition and results of operations.

The instruments governing our outstanding indebtedness contain a number of restrictive covenants, some of which become more restrictive in the future. For example, our Amended and Restated Credit Agreement (the "Credit Agreement"), dated as of December 23, 2013, among the Company, Cumulus Media Holdings Inc., a direct wholly-owned subsidiary of the Company ("Cumulus Holdings"), as borrower, and certain lenders and agents, requires us to comply with a maximum first lien leverage ratio as of the last day of any fiscal quarter if any amounts are outstanding under the revolving credit facility

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thereunder ( the “Revolving Credit Facility”) or any letters of credit are outstanding that have not been collateralized by cash. Our ability to comply with the covenants in (i) the Credit Agreement, and (ii) the indenture governing our 7.75% Senior Notes due 2019 (the “Indenture”), will depend upon our future financial and operating performance and various other factors, such as business, competitive, technological, legislative and regulatory factors, some of which are beyond our control. As of December 31, 2014, we were in compliance with all of our covenants under the Credit Agreement and the Indenture. However, we may not be able to maintain compliance with certain covenants in the future.

The first lien leverage ratio referenced above impacts our future availability under the Revolving Credit Facility. The first lien leverage ratio covenant periodically decreases over time until it reaches 4.0 to 1 on March 31, 2018. At March 31, 2015, the required ratio covenant will be 5.50 to 1. While we currently have no borrowings outstanding under the Revolving Credit Facility (and therefore the first lien leverage covenant does not apply), if the 5.50 to 1 ratio were to apply, we do not anticipate that we would have access to borrowings under the Revolving Credit Facility. Our inability to borrow under the Revolving Credit Facility would continue until we again satisfy the applicable ratio requirement.

In the event that we do not comply with applicable covenants in our debt instruments, we may need to seek an amendment or waiver to the applicable agreement, or a refinancing of such obligations. There can be no assurance that we would be able obtain any amendment or waiver of any such facilities or the costs associated therewith, and, if so, it is likely that such relief would only last for a specified period, potentially necessitating additional amendments, waivers or refinancings in the future.

In the event that we do not maintain compliance with the covenants under the Credit Agreement, in addition to limiting our access to borrowings thereunder, an event of default could result, subject to applicable notice and cure provisions, which would likely result in a material adverse impact on our financial position. Upon the occurrence of an event of default, the lenders could elect to declare all amounts outstanding under the Credit Agreement to be immediately due and payable and terminate all commitments to extend further credit. In addition, lenders under any of our indebtedness to which a cross-default or cross-acceleration provision applies may then be entitled to take certain similar actions. In the event any of our lenders or note holders accelerate the required repayment of our borrowings, we may not have sufficient assets to repay such indebtedness.

The lenders under the Credit Agreement have taken security interests in substantially all of our consolidated assets, and we have pledged the stock of certain of our subsidiaries to secure the debt under the Credit Agreement. If the lenders accelerate the required repayment of borrowings, we may be forced to liquidate certain assets to repay all or part of such borrowings, and we cannot assure you that sufficient assets will remain after we have paid all of the borrowings under such Credit Agreement. If we were unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness and we could be forced into bankruptcy or liquidation. Our ability to liquidate assets could also be affected by the regulatory restrictions associated with radio stations, including FCC licensing, which may make the market for these assets less liquid and increase the chances that these assets would be liquidated at a significant loss. Any requirement for us to liquidate assets would likely have a material adverse effect on our business.

We require substantial cash flows to service our debt and other obligations. Our inability to generate sufficient cash flows could have a material adverse effect on our business.

In order to service our significant indebtedness, we require, and will continue to require, significant cash flows. Our revenue is subject to such factors as shifts in population, station listenership, demographics, competition and audience tastes, and fluctuations in preferred advertising media. Our ability to generate sufficient cash flow to make required principal and interest payments on, or refinance, our debt obligations depends on our financial condition and operating performance, which are subject to prevailing micro-economic and macro-economic and competitive conditions, some of which are beyond our control. We may be unable to maintain or derive a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful. If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity

problems and could be forced to reduce or delay investments and capital expenditures or to seek to dispose of material assets or operations, seek additional debt or equity capital or seek to restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. Our inability to generate sufficient cash from operations to service our debt and other obligations would lead to a material adverse effect on our business.

Despite our current level of indebtedness, we may still be able to incur additional debt. This could further exacerbate the risks to our financial condition described above.

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We may be able to incur additional indebtedness in the future. Although the Indenture and the Credit Agreement contain, and credit facilities we enter into in the future may contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and any additional indebtedness incurred in compliance with these restrictions could be material. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under the Credit Agreement are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income would decrease. As a result, a significant increase in interest rates could have a material adverse effect on our financial condition.

The terms of the Indenture and the Credit Agreement restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.

The Indenture and the Credit Agreement contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including restrictions on our ability to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions or repurchase or redeem capital stock;
- prepay, redeem or repurchase certain debt;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses we conduct;
  - enter into agreements restricting our restricted subsidiaries' ability to pay dividends;
  - and
- consolidate, merge or sell all or substantially all of our assets.

In addition, as described above, the restrictive covenants in the Credit Agreement require us to maintain compliance with specified financial ratios and satisfy other financial condition tests.

As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may adversely affect our ability to operate our current and planned business, or make certain changes in our business and to respond to changing circumstances, any of which could have a material adverse effect on our financial condition or results of operations.

**Risks Related to Our Class A Common Stock**

The public market for our Class A Common Stock may be volatile.

We cannot assure you that the market price of our Class A common stock will not decline and the market price could be subject to wide fluctuations in response to such factors as:

- conditions and trends in the radio broadcasting industry;
- actual or anticipated variations in our operating results, including audience share ratings and financial results;
- changes in financial estimates by securities analysts;
- technological innovations;
- competitive developments;
- adoption of new accounting standards affecting companies in general or affecting companies in the radio broadcasting industry in particular; and

general market conditions and other factors.

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Further, the stock markets, and in particular the NASDAQ Global Select Market, the market on which our Class A common stock is listed, from time to time have experienced extreme price and volume fluctuations that were not necessarily related or proportionate to the operating performance of the affected companies. In addition, general economic, political and market conditions such as recessions, interest rate movements or international currency fluctuations, may adversely affect the market price of our Class A common stock.

Certain stockholders or groups of stockholders have, and will have, the right to appoint members to our board of directors and, consequently, the ability to exert significant influence over us.

As of December 31, 2014, and after giving effect to the exercise of all of their respective options exercisable within 60 days of that date, Lewis W. Dickey, Jr., our Chairman, President, Chief Executive Officer and a director, and his brother, John W. Dickey, our Executive Vice President, together with members of their family (collectively, the “Dickeys”), collectively beneficially owned shares representing approximately 6.6% of the outstanding voting power of our Class A and Class C common stock.

Also as of December 31, 2014, Crestview Radio Investors, LLC (“Crestview”) was our largest shareholder and, based on its most recent filing on Schedule 13D/A, beneficially owned shares representing approximately 28.0% of our outstanding Class A common stock on a fully converted basis.

In addition, in connection with the financing transactions undertaken in connection with the completion of our acquisition of Citadel Broadcasting Company on September 16, 2011, the Company entered into a Stockholders’ Agreement (the “Stockholders Agreement”) with BA Capital Company, L.P. and Bank of America Capital Investors SBIC, L.P. (together, the “BofA Stockholders”), Blackstone, the Dickeys, Crestview, Macquarie and UBS. Under the Stockholders Agreement, the size of our board was increased to seven members, and the two vacancies on our board created thereby were filled by individuals designated by Crestview. In accordance with the Stockholders Agreement, Crestview maintains the right to designate two individuals for nomination to our board, and the Dickeys maintain the right to designate one individual for nomination to our board. The Stockholders Agreement provides that the other three positions on our board will be filled by directors who meet applicable independence criteria. The Stockholders Agreement also provides that, for so long as Crestview is our largest stockholder, it will have the right to have one of its designees, who shall meet the definition of an independent director and who is elected to our board, and is selected by it, appointed as the “lead director” of our board. Further, the parties to the Stockholders Agreement (other than the Company) have agreed to support such directors (or others as may be designated by the relevant stockholders) as nominees to be presented to the Company’s stockholders for approval at subsequent stockholder meetings for the term set out in the Stockholders Agreement. Each stockholder party’s respective director nomination rights will generally survive for so long as it continues to own a specified percentage of our stock, subject to certain exceptions.

As a result of these significant stockholdings, and their right to designate members of our board, these stockholders are expected to be able to continue to exert significant influence over our policies and management, potentially in a manner which may not be in our best interests or the best interests of the other shareholders.

**Cautionary Statement Regarding Forward-Looking Statements**

This annual report on Form 10-K contains and incorporates by reference “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”) and Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). For purposes of federal and state securities laws, forward-looking statements are all statements other than those of historical fact and are typically identified by the words “believes,” “expects,” “anticipates,” “continues,” “intends,” “likely,” “may,” “plans,” “potential,” “should,” “will” and similar expressions, whether in the negative or affirmative. These statements include statements regarding the intent, belief or current expectations of Cumulus and its directors and officers with respect to, among other things, future events, financial results and financial trends expected to impact Cumulus.

Such forward-looking statements are and will be, as the case may be, subject to change and subject to many risks, uncertainties and other factors relating to our operations and business environment, which may cause our actual results to be materially different from any future results, expressed or implied, by such forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following:



the possibility that we may be unable to achieve certain expected revenue results, including as a result of factors or events that are unexpected or otherwise outside of our control;

- our ability to execute our business plan and strategy;
- our ability to execute and implement our acquisition and divestiture strategies;

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the possibility that we may be unable to achieve any expected cost-saving or operational synergies in connection with any acquisitions or business improvements, or achieve them within the expected time periods;

general economic or business conditions affecting the radio broadcasting industry being less favorable than expected, including the impact of decreased spending by advertisers;

our ability to attract, motivate and/or retain key executives and associates;

increased competition in the radio broadcasting industry;

the impact of current or pending legislation and regulations, antitrust considerations, and pending or future litigation or claims;

changes in regulatory or legislative policies or actions or in regulatory bodies;

changes in uncertain tax positions and tax rates;

changes in the financial markets;

changes in capital expenditure requirements;

changes in market conditions that could impair our goodwill or intangible assets;

changes in interest rates; and

other risks and uncertainties not currently known to us or that we do not currently deem to be material.

Many of these factors are beyond our control or are difficult to predict, and their ultimate impact could be material. We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. Except as may be required by law, we do not undertake any obligation to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

The types of properties required to support each of our radio stations include studios, sales offices, and tower sites. A station's studios are generally housed with its offices in a business district within the station's community of license or largest nearby community. The tower sites are generally located in an area to provide maximum market coverage. As of December 31, 2014, we owned 51 studio facilities and 163 tower sites in our 90 markets. We lease additional studio, office facilities, and tower sites throughout all of our markets. We also lease corporate office space in Atlanta, Georgia, and office space in New York, New York; Dallas, Texas; Denver, Colorado and Los Angeles, California for the production and distribution of our radio network. We do not anticipate any difficulties in renewing any facility leases or in leasing alternative or additional space, if required. We own substantially all of our other equipment, consisting principally of transmitting antennae, transmitters, studio equipment, and general office equipment. No single property is material to our operations. We believe that our properties are generally in good condition and suitable for our operations; however, we continually look for opportunities to upgrade our studios, office space and transmission facilities.

Item 3. Legal Proceedings

In March 2011, we and certain of our subsidiaries were named as defendants along with other radio companies, including Beasley Broadcast Group, Inc., CBS Radio, Inc., Entercom Communications, Greater Media, Inc. and Townsquare Media, LLC in a patent infringement suit. The case, Mission Abstract Data L.L.C., d/b/a Digimedia v. Beasley Broadcast Group, Inc., et. al., Civil Action Case No: 1:99-mc-09999, U.S. District Court for the District of Delaware (filed March 1, 2011), alleges that the defendants are infringing or have infringed on plaintiff's patents entitled "Selection and Retrieval of Music from a Digital Database." Plaintiff is seeking injunctive relief and unspecified damages. We are vigorously defending this lawsuit and are not yet able to determine what effect the lawsuit will have, if any, on our financial position, results of operations or cash flows.

We are currently, and expect that from time to time in the future will be, party to, or a defendant in, various claims or lawsuits that are generally incidental to its business. We expect that we will vigorously contest any such claims or lawsuits and believe that the ultimate resolution of any known claim or lawsuit will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.



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Item 4. Mine Safety Disclosures

Not applicable.

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## PART II

## Item 5. Market for Registrant's Common Equity, Related Stockholder, Matters and Issuer Purchases of Equity Securities

## Market Information For Common Stock

Shares of our Class A common stock, par value \$0.01 per share, have been listed on the NASDAQ Global Select Market (or its predecessor, the NASDAQ National Market) under the symbol CMLS since July 1, 1998. There is no established public trading market for our Class C common stock. The following table sets forth, for the calendar quarters indicated, the high and low sales prices of the Class A common stock on the NASDAQ Global Select Market, as reported in published financial sources.

Year	High	Low
2013		
First Quarter	\$3.45	\$2.61
Second Quarter	\$3.89	\$2.90
Third Quarter	\$5.59	\$3.31
Fourth Quarter	\$7.79	\$4.87
2014		
First Quarter	\$8.19	\$5.93
Second Quarter	\$7.21	\$5.87
Third Quarter	\$6.69	\$3.81
Fourth Quarter	\$4.38	\$2.88

## Holders

As of February 16, 2015 there were approximately 1,628 holders of record of our Class A common stock and one holder of record of our Class C common stock. The number of holders of our Class A common stock does not include any estimate of the number of beneficial holders whose shares may be held of record by brokerage firms or clearing agencies.

## Dividends

We have not declared or paid any cash dividends on our common stock since our inception and do not currently anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings for use in our business. We are currently subject to restrictions under the terms of the Credit Agreement that limit the amount of dividends that we may pay on our common stock. For a more detailed discussion of the restrictions in our Credit Agreement, see Note 9, "Long-Term Debt" in the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

## Stock Performance Graph

The following graph compares the total stockholder return on our Class A common stock for the five-year period ended December 31, 2014 with that of (1) the Standard & Poor's 500 Stock Index ("S&P 500"); (2) the NASDAQ Stock Market Index (the "NASDAQ"); and (3) an index (the "Radio Index") comprised of radio broadcast and media companies (see note (1) below). The total return calculation set forth below assumes \$100 invested on December 31, 2009 with reinvestment of dividends into additional shares of the same class of securities at the frequency with, and in the amounts on, which dividends were paid on such securities through December 31, 2014. The stock price performance shown in the graph below should not be considered indicative of expected future stock price performance.

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## CUMULATIVE TOTAL RETURN

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
Cumulus	\$100.00	\$189.04	\$146.49	\$117.11	\$339.37	\$185.53
S&P 500	100.00	112.78	112.78	127.90	165.76	184.64
NASDAQ	100.00	116.91	114.81	133.07	184.06	208.71
Radio Index (1)	100.00	178.74	172.83	185.20	282.71	234.94

The Radio Index consists of the following companies: Beasley Broadcast Group, Inc., iHeartMedia, Inc. (formerly (1)Clear Channel Holdings, Inc.), Emmis Communications Corp., Entercom Communications Corp., Radio One, Inc., and Saga Communications, Inc.

Pursuant to SEC rules, this "Stock Performance Graph" section of this Form 10-K is not deemed "filed" with the SEC and shall not be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

## Item 6. Selected Financial Data

Set forth below is selected historical consolidated financial information for Cumulus as of and for the fiscal years ended December 31, 2014, 2013, 2012, 2011 and 2010 (dollars in thousands, except per share data). The selected historical consolidated financial information as of December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012, has been derived from our consolidated financial statements, as adjusted for discontinued operations, and related notes beginning on page F-2 of this Annual Report on Form 10-K. The selected historical consolidated financial information as of December 31, 2012, 2011 and 2010, and for the years ended December 31, 2011 and 2010, has been derived from our consolidated financial statements, as adjusted for discontinued operations, and related notes previously filed with the SEC but not included or incorporated by reference herein.

Primarily as a result of our completion of a number of significant transactions in various of the periods reported, including the December 12, 2013 completion of the WestwoodOne Acquisition, the November 14, 2013 completion of the Townsquare Transaction (with the stations swapped to Townsquare therein being treated as discontinued operations in all periods presented), the August 1, 2011 completion of the acquisition of the 75% of the equity of Cumulus Media Partners LLC ("CMP"), and the September 16, 2011 completion of the acquisition of Citadel Broadcasting Corporation (the "Citadel Merger"), each of whose operating results have been included in Cumulus' financial statements since their respective dates of acquisition, and various refinancing transactions from time to time, we believe that our results of operations for any period, and

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our financial condition at any date, provide only limited comparability to other periods. You are cautioned to not place undue reliance on any such comparison.

The selected historical consolidated financial information presented below does not contain all of the information you should consider when evaluating Cumulus and should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements, and notes thereto, beginning on page F-2 of this Annual Report on Form 10-K. Various factors are expected to have an effect on our financial condition and results of operations in the future, including the ongoing integration of acquired businesses. You should also read this selected historical consolidated financial information in conjunction with the information under “Risk Factors” included elsewhere in this Annual Report on Form 10-K.

	Year Ended December 31,					
	2014	2013	2012	2011 (1)	2010	
<b>STATEMENT OF OPERATIONS DATA:</b>						
Net revenue	\$1,263,423	\$1,026,138	\$1,002,272	\$466,044	\$189,441	
Content costs	433,596	264,871	244,082	119,667	48,339	
Other direct operating expenses	470,441	403,381	378,802	165,254	66,753	
Depreciation and amortization	115,275	112,511	135,575	48,730	7,212	
LMA fees	7,195	3,716	3,465	2,425	1,910	
Corporate expenses (including non-cash stock-based compensation expense)	76,428	59,830	57,438	90,761	18,519	
Gain on exchange of assets or stations	(1,342	) (3,685	) —	(14,217	) —	
Realized (gain) loss on derivative instrument	—	(1,852	) (12	) 3,368	1,957	
Impairment of intangible assets and goodwill (2)	—	—	125,985	—	671	
Operating income	161,830	187,366	56,937	50,056	44,080	
Interest expense	(145,533	) (178,274	) (199,574	) (87,388	) (30,315	)
Interest income	1,388	1,293	946	399	8	
Loss on early extinguishment of debt	—	(34,934	) (2,432	) (4,366	) —	
Terminated transaction expense	—	—	—	—	(7,847	)
Other income (expense), net	4,338	(302	) (2,479	) 61	108	
Gain on equity investment in Cumulus Media Partners, LLC	—	—	—	11,636	—	
Income (loss) from continuing operations before income taxes	22,023	(24,851	) (146,602	) (29,602	) 6,034	
Income tax (expense) benefit	(10,254	) 68,464	34,670	11,259	(688	)
Income (loss) from continuing operations	11,769	43,613	(111,932	) (18,343	) 5,346	
Income from discontinued operations, net of taxes	—	132,470	79,203	82,203	24,056	
Net income (loss)	11,769	176,083	(32,729	) 63,860	29,402	
Less: dividends declared and accretion of redeemable preferred stock	—	10,676	21,432	6,961	—	
Income (loss) attributable to common shareholders	\$11,769	\$165,407	\$(54,161	) \$56,899	\$29,402	
Basic income (loss) per common share	\$0.05	\$0.76	\$(0.33	) \$0.80	\$0.70	
Diluted income (loss) per common share	\$0.05	\$0.75	\$(0.33	) \$0.80	\$0.68	

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	Year Ended December 31,				
	2014	2013	2012	2011	2010
OTHER DATA:					
Adjusted EBITDA (3)	\$329,526	\$330,018	\$358,054	\$110,531	\$81,375
Ratio of earnings to fixed charges	1.15	*	(4) *	(4) *	(4) 1.22
Cash flows related to:					
Operating activities	\$136,796	\$121,141	\$179,490	\$71,751	\$42,553
Investing activities	(15,572 )	(92,625 )	98,143	(2,031,256 )	(2,240 )
Financing activities	(146,745 )	(83,774 )	(220,175 )	1,977,283	(43,723 )
Capital expenditures	(19,006 )	(11,081 )	(6,607 )	(6,690 )	(2,475 )
BALANCE SHEET DATA:					
Total assets	\$3,745,441	\$3,870,435	\$3,743,575	\$4,040,591	\$319,636
Long-term debt (including current portion)	2,485,127	2,626,893	2,701,067	2,850,537	591,008
Total stockholders' equity (deficit)	\$541,580	\$512,740	\$246,633	\$290,713	\$(341,309)

(1) Revenues of \$288.3 million attributable to the acquisitions of CMP and Citadel in 2011 are included in the selected historical consolidated financial information for the year ended December 31, 2011.

(2) Impairment charge recorded in connection with our interim and annual impairment testing under ASC 350. See Note 6, "Intangible Assets and Goodwill," in the consolidated financial statements included elsewhere in this Form 10-K for further discussion.

(3) Adjusted EBITDA consists of net (loss) income before depreciation and amortization, LMA fees, acquisition-related costs, non-cash stock-based compensation expense, gain or loss on exchange of assets or stations, realized gain or loss on derivative instruments, impairment of intangible assets and goodwill, interest expense, loss on the early extinguishment of debt, other income or expense, net, gain on equity investment in CMP, and income tax benefit or expense. Adjusted EBITDA is not a measure of financial performance calculated in accordance with accounting principles generally accepted in the United States ("GAAP"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations" for a quantitative and qualitative reconciliation of Adjusted EBITDA to the most directly comparable financial measure calculated in accordance with GAAP.

(4) Earnings for the years ended December 31, 2013, 2012 and 2011 were inadequate to cover fixed charges. The coverage deficiency for these years was \$35,527, \$168,034 and \$36,653, respectively. For purposes of calculating the ratio of earnings to fixed charges, earnings consist of earnings before provision for income taxes, and non-controlling interest, plus fixed charges. Fixed charges consist of interest expense, amortized discounts, and preference security dividend requirements.

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis is intended to provide the reader with an overall understanding of our financial condition, changes in financial condition, results of operations, cash flows, sources and uses of cash, contractual obligations and financial position. This section also includes general information about our business and management's analysis of certain trends, risks and opportunities in our industry. We also provide a discussion of accounting policies that require critical judgments and estimates. This discussion contains and refers to statements that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws. Such statements relate to our intent, belief or current expectations primarily with respect to our future operating, financial and strategic performance. Any such forward-looking statements are not guarantees of future performance and may involve risks and uncertainties. Many of these risks and uncertainties are beyond our control, and the unexpected occurrence or failure to occur of any such events or matters could significantly alter our actual results of operations or financial condition. You should read the following information in conjunction with our consolidated financial statements and notes to our consolidated financial statements beginning on page F-2 in this



Annual Report on Form 10-K, as well as the information set forth in Item 1A. "Risk Factors."  
Our Business

We combine high-quality local radio programming with iconic, nationally syndicated media, sports and entertainment brands in order to deliver premium choices for listeners, provide substantial reach for advertisers and create opportunities for long term growth and shareholders value. We believe we are well-positioned in the widening digital audio space through our

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stake in the Rdio digital music service, featuring over 30 million songs on-demand in addition to custom playlists and exclusive curated channels. We are also the leading provider of country music and lifestyle content through our NASH brand, which serves country fans through radio programming, NASH magazine, concerts, licensed products and television/video. Our recent acquisition of WestwoodOne gives us additional scale and an iconic radio industry brand to further syndicate our proprietary content and programming rights onto non-owned radio stations, satellite radio, and new online platforms. WestwoodOne also serves as our brand identity to reach national advertisers, complementing hundreds of well-known Cumulus Radio local sales brands.

The Company has three reporting units for goodwill impairment purposes which align with Company's operational structure of three distinct verticals used to effectively manage the operations of the business. The Company's top 50 Nielsen Audio rated markets comprise one reporting unit, the second reporting unit consists of all of the Company's other radio markets while the third reporting unit, in which there is no goodwill, consists of all non-radio lines of business.

We generate revenue through monetization of this programming content and of other sources across four major product lines. These are broadcast advertising, digital advertising, political advertising, and non-advertising based license fees.

**Broadcast advertising revenue.** We generate most of our revenue through the sale of commercial advertising time to local, national and network clients across our 460 owned and operated radio stations and approximately 8,500 radio broadcast affiliations. Local spot advertising is sold by approximately 900 Cumulus employed sales executives across 90 U.S. media markets (including eight of the top ten). National spot advertising for our owned and operated stations is outsourced to Katz Media, which markets itself to advertisers as WestwoodOne Media Sales. Network advertising airing across our owned, operated and affiliated stations is sold by Cumulus employed account executives in regional hubs across the United States under the WestwoodOne Networks brand. At December 31, 2014, under LMAs, we provided sales and marketing services for 11 radio stations in the United States.

**Digital advertising revenue.** We also generate revenue from the sale of advertising and promotional opportunities across our streaming audio network, digital commerce platform, websites and mobile applications. We operate the fourth largest streaming audio advertising network in the United States, including owned and operated Internet radio simulcast stations, Rdio.com, and other third party Internet companies with whom we have advertising reseller agreements. Our digital commerce platform utilizes couponing and discount daily deals to create promotional opportunities for local and national merchants under our Sweetjack, SweetDeals and Incentrev brands. We also sell banner and other display ads across more than 400 local radio station websites, mobile applications, and ancillary custom client microsites.

**Political advertising revenue.** We generate political advertising revenue across all of our broadcast and digital assets, but highlight it as a separate category to distinguish its highly cyclical nature versus core revenue. Political advertising is generally strongest during even-numbered years, especially in the fourth quarter of such years, when most national and state elections are conducted. In addition to candidate advertising revenue, we also receive orders from special interest and advocacy groups.

**License Fees & Other.** All other non-advertising based revenue types in which the Company participates are aggregated in our License Fee & Other revenue category. This includes cash based fees we receive for content licensing, third party network compensation, proprietary software licensing, subleases and rents, and all other revenue.

Operating Overview and Highlights

We believe that we have created a leading national audio advertising platform that allows us to leverage and expand upon our strengths, market presence and programming. Specifically we have an extensive radio station portfolio, including a presence in eight of the top 10 markets, and broad diversity in format, listener base, geography, advertiser base and revenue stream, designed to reduce our dependence on any single demographic, region or industry. As the largest pure-play radio broadcaster in the United States, the Company provides exclusive content that is fully distributed through approximately 460 owned and operated stations in 90 U.S. media markets, approximately 8,500 radio broadcast affiliates and numerous digital channels. Our nationwide platform generates premium content distributable through both broadcast and digital platforms and our scale allows larger, significant investments in the local digital media marketplace enabling us to leverage our local digital platforms and strategies, including our social commerce initiatives, across additional markets. Our websites average over 11.4 million page views from approximately 10.5 million unique users on a monthly basis and stream music to approximately 4.2 million unique users each month. We believe our national platform perspective allows us to optimize our available advertising inventory while providing holistic and comprehensive solutions for our customers.

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We further believe that cash expected to be generated from operations, and our capital structure provide adequate liquidity and scale for us to operate and grow our current business, as well as to pursue and finance potential strategic acquisitions in the future.

Liquidity Considerations

Historically, our principal needs for funds have been for acquisitions, expenses associated with our stations, network advertising and corporate operations, capital expenditures, and interest and debt service payments. We believe that our funding needs in the future will be for substantially similar matters.

Our principal sources of funds have primarily been cash flow from operations and borrowings under credit facilities in existence from time to time. Our cash flow from operations is subject to factors such as changes in demand due to shifts in population, station listenership, demographics, audience tastes, competition and fluctuations in preferred advertising media. In addition, customers may not be able to pay, or may delay payment of, accounts receivable that are owed to us, which risks may be exacerbated in challenging economic periods. In recent periods, management has taken steps to mitigate this risk through heightened collection efforts and enhancements to our credit approval process, although no assurances as to the longer-term success of these efforts can be provided. In addition, we believe that our national platform and extensive station portfolio representing a broad diversity in format, listener base, geography, and advertiser base helps us maintain a more stable revenue stream by reducing our dependence on any single demographic, region or industry. In addition, in even-numbered years we generally earn significant additional revenue from political candidates, political parties and special interest groups in advance of state and national elections. We continually monitor our capital structure and from time to time have evaluated, and expect that we will continue to evaluate future opportunities to obtain, other public or private capital from the divestiture of radio stations or other assets that are not a part of, or do not complement, our strategic operations, as well as the issuance of equity and/or debt securities, in each case subject to market and other conditions in existence at the appropriate time. No assurances can be provided that any source of funds would be available when needed on terms acceptable to the Company, or at all.

In furtherance of our strategy, we have undertaken a number of transactions to further strengthen our balance sheet and improve our cash flows. On December 23, 2013, we entered into the Amended and Restated Credit Agreement (the "Credit Agreement"). The Credit Agreement consists of a \$2.025 billion term loan (the "Term Loan") maturing in December 2020 and a \$200.0 million revolving credit facility (the "Revolving Credit Facility") maturing in December 2018. Under the Revolving Credit Facility, up to \$30.0 million of availability may be drawn in the form of letters of credit. Upon entry into the Credit Agreement, we used Term Loan borrowings of \$2.025 billion to repay in full all amounts outstanding under the first lien term loan and second lien term loan under our pre-existing credit agreements. In the event amounts are outstanding under the Revolving Credit Facility or any letters of credit are outstanding that have not been collateralized by cash as of the end of each quarter, the Credit Agreement requires compliance with a consolidated first lien leverage ratio covenant. The required ratio at December 31, 2014 was 5.75 to 1. As of December 31, 2014, we were in compliance with all of our covenants under the Credit Agreement. The first lien net leverage ratio covenant, however, periodically decreases until it reaches 4.0 to 1 on March 31, 2018. At March 31, 2015 the required ratio will be 5.50 to 1. As we currently have no borrowings outstanding under the Revolving Credit Facility, the required ratio does not apply. However beginning in the second quarter of 2015, we anticipate that we will lose access to the Revolving Credit Facility as our leverage will be greater than the required ratio, and will not regain access until we again satisfy the first lien ratio requirement that would permit such borrowings.

On December 6, 2013, we entered into a 5-year, \$50.0 million revolving accounts receivable securitization facility (the "Securitization Facility") with General Electric Capital Corporation, as a lender, as a swing line lender and as an administrative agent (together with any other lenders party thereto from time to time, the "Lenders"). In connection with the entry into the Securitization Facility, pursuant to a Receivables Sale and Servicing Agreement, dated as of December 6, 2013 (the "Sale Agreement"), certain subsidiaries of the Company (collectively, the "Originators") may sell and/or contribute their existing and future accounts receivable to a special purpose entity and wholly owned subsidiary of the Company (the "SPV"). The SPV may thereafter make borrowings from the Lenders, which borrowings

are secured by those receivables, pursuant to a Receivables Funding and Administration Agreement, dated as of December 6, 2013 (the "Funding Agreement").

At December 31, 2014, our long-term debt consisted of \$1.9 billion outstanding under the Term Loan and \$610.0 million in 7.75% Senior Notes.

We have assessed the current and expected business climate, our current and expected needs for funds and our current and expected sources of funds and determined, based on our financial condition as of December 31, 2014, that cash on hand, cash expected to be generated from operating activities, cash expected to be available from various financing sources, excluding access to the Revolving Credit Facility, will be sufficient to satisfy our anticipated financing needs for working capital, capital

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expenditures, interest and debt service payments, and any repurchases of securities and other debt obligations for at least the next twelve months.

We have significant intangible assets recorded comprised primarily of broadcast licenses and goodwill acquired through acquisitions. We evaluate on an interim basis if events or circumstances indicate that broadcast licenses or goodwill may be impaired. The Company performs its annual impairment testing of broadcast licenses and goodwill during the fourth quarter. This evaluation will encompass a detailed preparation of future projected operating results which will incorporate the consideration of a challenging advertising market being experienced by radio operators in our industry as well as increased macroeconomic volatility in the market that began at the end of the third quarter. Although we did not record any impairment charges during the year ended December 31, 2014, we cannot make any assurances that there will not be any impairment charges in any future periods.

### Advertising Revenue and Adjusted EBITDA

Our primary source of revenue is the sale of advertising time. Our sales of advertising time are primarily affected by the demand from local, regional and national advertisers, which impacts the advertising rates charged by us. Advertising demand and rates are based primarily on the ability to attract audiences in the demographic groups targeted by its advertisers, as measured principally by various ratings agencies on a periodic basis. We endeavor to develop strong listener loyalty, and we believe that the diversification of our formats and programs helps to insulate us from the effects of changes in the musical tastes of the public with respect to any particular format as a substantial portion of our revenue comes from non-music format and proprietary content. In addition, we believe that the platform that we own and operate, which has increased diversity in terms of format, listener base, geography, advertiser base and revenue stream as a result of our acquisitions and the development of our strategy to focus on radio stations in larger markets and geographically strategic regional clusters, will further reduce our revenue dependence on any single demographic, region or industry. Our larger markets are also supported with content through network programming.

We strive to maximize revenue by managing our on-air inventory of advertising time and adjusting prices up or down based on supply and demand. The optimal number of advertisements available for sale depends on the programming format of a particular radio program. Each sales vehicle has a general target level of on-air inventory available for advertising. This target level of advertising inventory may vary at different times of the day but tends to remain stable over time. We seek to broaden our base of advertisers in each of our markets by providing a wide array of audience demographic segments across each cluster of stations, thereby providing each of our potential advertisers with an effective means of reaching a targeted demographic group. In the broadcasting industry, we sometimes utilize trade or barter agreements that exchange advertising time for goods or services such as travel or lodging, instead of for cash. Trade revenue totaled \$34.9 million, \$31.1 million and \$27.7 million for the years ended December 31, 2014, 2013, and 2012, respectively. Our advertising contracts are generally short-term. We generate most of our revenue from local and regional advertising, which is sold primarily by a station's sales staff. Local and regional advertising typically represents a majority of our net revenues.

In addition to local advertising revenues, we monetize our available inventory in both national spot and network sales marketplaces using our national platform. To effectively deliver our network advertising for our customers, we distribute content and programming through third party affiliates in order to achieve a broader national audience. Typically, in exchange for the right to broadcast radio network programming, third party affiliates remit a portion of their advertising time, which is then aggregated into packages focused on specific demographic groups and sold by us to our advertiser clients that want to reach the listeners who comprise those demographic groups on a national basis.

Our advertising revenues vary by quarter throughout the year. As is typical with advertising revenue supported businesses, our first calendar quarter typically produces the lowest revenues of a last twelve month period, as

advertising generally declines following the winter holidays. The second and fourth calendar quarters typically produce the highest revenues for the year. We continually evaluate opportunities to increase revenues through new platforms, including technology based initiatives. As a result of those revenue increasing opportunities through new platforms, accelerated by our acquisition of WestwoodOne, our operating results in any period may be affected by the incurrence of advertising and promotion expenses that typically do not have an effect on revenue generation until future periods, if at all. In addition, as part of this evaluation and our acquisition of WestwoodOne, we also have reorganized and discontinued certain redundant and/or unprofitable content vehicles across our platform which will impact our broadcast revenues in the future. To date inflation has not had a material effect on our revenues or results of operations, although no assurances can be provided that material inflation in the future would not materially adversely affect us.

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Adjusted EBITDA is the financial metric utilized by management to analyze the cash flow generated by our business. This measure isolates the amount of income generated by our core operations after the incurrence of corporate, general and administrative expenses. Management also uses this measure to determine the contribution of our core operations, including the corporate resources employed to manage the operations, to the funding of our other operating expenses and to the funding of debt service and acquisitions. In addition, Adjusted EBITDA is a key metric for purposes of calculating and determining our compliance with certain covenants contained in our Credit Agreement.

In deriving this measure, management excludes depreciation, amortization, and stock-based compensation expense, as these do not represent cash payments for activities directly related to our core operations. Management excludes any gain or loss on the exchange or sale of any assets as it does not represent a cash transaction. Management also excludes any gain or loss on derivative instruments as it does not represent a cash transaction nor are they associated with core operations. Expenses relating to acquisitions and restructuring costs are also excluded from the calculation of Adjusted EBITDA as they are not directly related to our core operations. Management excludes any impairment of goodwill and intangible assets as they do not require a cash outlay.

Management believes that Adjusted EBITDA, although not a measure that is calculated in accordance with GAAP, nevertheless is commonly employed by the investment community as a measure for determining the market value of a media company. Management has also observed that Adjusted EBITDA is routinely employed to evaluate and negotiate the potential purchase price for media companies and is a key metric for purposes of calculating and determining compliance with certain covenants in our credit facility. Given the relevance to our overall value, management believes that investors consider the metric to be extremely useful.

Adjusted EBITDA should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating activities or any other measure for determining the Company's operating performance or liquidity that is calculated in accordance with GAAP.

A quantitative reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, follows in this section.



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## Results of Operations

## Analysis of Consolidated Statements of Operations

The following analysis of selected data from our consolidated statements of operations should be referred to while reading the results of operations discussion that follows (dollars in thousands):

	Year Ended December 31,			2014 vs 2013		2013 vs 2012			
	2014	2013	2012	\$ Change	% Change	\$ Change	% Change		
STATEMENT OF OPERATIONS DATA:									
Net revenue	\$1,263,423	\$1,026,138	\$1,002,272	\$237,285	23.1	% \$23,866	2.4	%	
Content costs	433,596	264,871	244,082	168,725	63.7	% 20,789	8.5	%	
Other direct operating expenses	470,441	403,381	378,802	67,060	16.6	% 24,579	6.5	%	
Depreciation and amortization	115,275	112,511	135,575	2,764	2.5	% (23,064 )	-17.0	%	
LMA fees	7,195	3,716	3,465	3,479	93.6	% 251	7.2	%	
Corporate expenses (including stock-based compensation expense)	76,428	59,830	57,438	16,598	27.7	% 2,392	4.2	%	
Gain on sale of assets or stations	(1,342 )	(3,685 )	—	2,343	-63.6	% (3,685 )	**		
Gain on derivative instrument	—	(1,852 )	(12 )	1,852	**	(1,840 )	**		
Impairment of intangible assets and goodwill	—	—	125,985	—	**	(125,985 )	**		
Operating income	161,830	187,366	56,937	(25,536 )	-13.6	% 130,429	229.1	%	
Interest expense	(145,533 )	(178,274 )	(199,574 )	32,741	18.4	% 21,300	10.7	%	
Interest income	1,388	1,293	946	95	7.3	% 347	36.7	%	
Loss on early extinguishment of debt	—	(34,934 )	(2,432 )	34,934	**	(32,502 )	**		
Other income (expense), net	4,338	(302 )	(2,479 )	4,640	**	2,177	**		
Income (loss) from continuing operations before income taxes	22,023	(24,851 )	(146,602 )	46,874	188.6	% 121,751	**		
Income tax (expense) benefit	(10,254 )	68,464	34,670	(78,718 )	-115.0	% 33,794	97.5	%	
Income (loss) from continuing operations	11,769	43,613	(111,932 )	(31,844 )	-73.0	% 155,545	**		
Income from discontinued operations, net of taxes	—	132,470	79,203	(132,470 )	**	53,267	67.3	%	
Net income (loss)	11,769	176,083	(32,729 )	(164,314 )	-93.3	% 208,812	**		
Less: dividends declared and accretion of redeemable preferred stock	—	10,676	21,432	(10,676 )	**	(10,756 )	-50.2	%	
	\$11,769	\$165,407	\$(54,161 )	\$(153,638 )	-92.9	% \$219,568	**		

Income (loss) attributable  
to common shareholders

OTHER DATA:

Adjusted EBITDA	\$329,526	\$330,018	\$358,054	\$(492 )	-0.1	%	\$(28,036 )	-7.8	%
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\*\* Calculation is not meaningful.

Year Ended December 31, 2014 compared to Year Ended December 31, 2013

Net Revenue. Net revenue for the year ended December 31, 2014 increased \$237.3 million, or 23.1%, to \$1,263.4 million compared to \$1,026.1 million for the year ended December 31, 2013. The increase resulted from increases of \$178.7 million, \$30.3 million, \$16.2 million and \$12.1 million in broadcast advertising, digital advertising, political advertising and license fees and other revenue, respectively. The broadcast advertising increase was primarily attributable to the addition of the operations of WestwoodOne, which was acquired on December 12, 2013, and several new stations being operated under LMAs in Chicago and San Jose, CA. The increases were partially offset by decreases in local spot and national spot revenue. The increase in digital advertising was primarily due to increased Rdio user generation activity and digital commerce generated by our

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Sweetjack platform. The increase in political advertising revenue was due to additional activity associated with mid-term and gubernatorial elections in 2014, the even numbered year for elections.

**Content Costs.** Content costs for the year ended December 31, 2014 increased \$168.7 million, or 63.7%, to \$433.6 million compared to \$264.9 million for the year ended December 31, 2013. This increase was primarily attributable to the addition of the operations of WestwoodOne. Previously contracted increases in sports rights and local talent bonuses for ratings growth in several large radio markets also contributed to year over year increases.

**Other Direct Operating Expenses.** Other direct operating expenses for the year ended December 31, 2014 increased \$67.1 million, or 16.6%, to \$470.4 million compared to \$403.4 million for the year ended December 31, 2013. This increase was primarily attributable to the addition of the operations of WestwoodOne and the LMAs in the Chicago, Dallas and San Jose markets. We also recorded additional one-time marketing expenditures related to the launch of our new radio station in the New York market and expenses related to the rollout of our NASH Country brand across the platform.

**Depreciation and Amortization.** Depreciation and amortization for the year ended December 31, 2014 increased \$2.8 million, or 2.5%, to \$115.3 million compared to \$112.5 million for the year ended December 31, 2013. This increase was due to a \$6.3 million increase in depreciation expense which was primarily attributable to expense related to the assets of WestwoodOne, offset by a \$3.5 million decrease in amortization expense on our definite lived intangible assets, which resulted from the accelerated amortization methodology that is based on the expected pattern in which the underlying assets' economic benefits are consumed.

**LMA Fees.** LMA fees for the year ended December 31, 2014 increased \$3.5 million, or 93.6%, to \$7.2 million compared to \$3.7 million for the year ended December 31, 2013. This increase was related to the LMAs in Chicago, IL and San Jose, CA entered into during the year.

**Corporate Expenses, Including, Stock-based Compensation Expense.** Corporate expenses, including stock-based compensation expense for the year ended December 31, 2014 increased \$16.6 million to 27.7%, or \$76.4 million compared to \$59.8 million for the year ended December 31, 2013. This increase was primarily due to a \$6.8 million increase in stock-based compensation expense partially driven by stock options granted to employees of WestwoodOne and a \$9.8 million increase in other overhead costs.

**Gain on Sale of Assets or Stations.** During the years ended December 31, 2014 and 2013, we recorded gains of \$1.3 million and \$3.7 million, related to our sales of individual stations and assets.

**Interest Expense.** Interest expense for the year ended December 31, 2014 decreased \$32.7 million to \$145.5 million compared to \$178.3 million for the year ended December 31, 2013. Interest expense associated with outstanding debt decreased by \$31.5 million to \$133.4 million as compared to \$165.0 million in the prior year. The following summary details the components of our interest expense (dollars in thousands):

	Year Ended December 31,		2014 vs 2013		
	2014	2013	\$ Change	% Change	
7.75% Senior Notes	\$47,275	\$47,275	\$—	—	%
Bank borrowings – term loans and revolving credit facilities	86,140	117,687	(31,547 )	-26.8	%
Other, including debt issue cost amortization	12,111	11,487	624	5.4	%
Preferred stock dividend	—	1,802	(1,802 )	-100.0	%
Change in fair value of interest rate cap	7	23	(16 )	-69.6	%
Interest expense	\$145,533	\$178,274	\$(32,741 )	-18.4	%

**Loss on Early Extinguishment of Debt.** For the year ended December 31, 2013, we recorded \$34.9 million in losses on early extinguishment of debt primarily as a result of our debt refinancing in December 2013. There were no such debt refinancings in 2014.

**Income Tax (Expense) Benefit.** We recorded an income tax expense on continuing operations of \$10.3 million in 2014 as compared to a \$68.5 million benefit during the prior year. The tax benefit recorded in 2013 is primarily the result of the release of our valuation allowance on the future recovery of deferred tax assets (primarily net operating loss carryovers).

Adjusted EBITDA. As a result of the factors described above, Adjusted EBITDA for the year ended December 31, 2014 decreased \$0.5 million, or 0.1%, to \$329.5 million compared to \$330.0 million for the year ended December 31, 2013.

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

	Year Ended December 31,		
	2014	2013	% Change
Net income	\$11,769	\$176,083	(93.3 )%
Income tax expense (benefit)	10,254	(68,464 )	**
Non-operating expenses, including net interest expense	139,807	177,283	(21.1 )%
LMA fees	7,195	3,716	93.6 %
Depreciation and amortization	115,275	112,511	2.5 %
Stock-based compensation expense	17,638	10,804	63.3 %
Gain on sale of assets or stations	(1,342 )	(3,685 )	(63.6 )%
Gain on derivative instrument	—	(1,852 )	**
Acquisition-related and restructuring costs	28,326	20,019	41.5 %
Franchise taxes	604	1,139	(47.0 )%
Loss on early extinguishment of debt	—	34,934	**
Discontinued operations:			
Income from discontinued operations, net of tax	—	(132,470 )	**
Adjusted EBITDA	\$329,526	\$330,018	(0.1 )%

\*\* Calculation is not meaningful

Intangible Assets (including Goodwill), net. Intangible assets, net of amortization, were \$3,094.2 million and \$3,168.6 million as of December 31, 2014 and 2013, respectively. These intangible asset balances primarily consist of broadcast licenses and goodwill. Intangible assets, net, decreased from the prior year primarily due to amortization recognized on definite-lived intangible assets.

Our impairment testing requires us to make certain assumptions in determining fair value, including assumptions about the cash flow growth of our businesses. Additionally, fair values are significantly impacted by macroeconomic factors, including market multiples at the time the impairments tests are performed. The following factors could adversely impact the current carrying value of our broadcast licenses and goodwill: (a) sustained decline in the price of our common stock, (b) the potential for a decline in our forecasted operating profit margins or expected cash flow growth rates, (c) a decline in our industry forecasted operating profit margins, (d) the potential for a continued decline in advertising market revenues within the markets we operate stations, or (e) the sustained decline in the selling prices of radio stations.

Year Ended December 31, 2013 compared to Year Ended December 31, 2012

Net Revenue. Net revenue for the year ended December 31, 2013 increased \$23.8 million, or 2.4%, to \$1,026.1 million compared to \$1,002.3 million for the year ended December 31, 2012. This increase was attributable to a \$11.5 million increase in local spot advertising revenue, an increase of \$15.5 million in national advertising and live event revenue, a \$10.1 million increase in revenue due to the December 2013 acquisition of WestwoodOne, a \$1.6 million increase attributable to the five stations the Company acquired in the Fresno market in the Townsquare Transaction and a \$5.9 million increase attributable to the addition of stations in the Bloomington and Peoria markets which we acquired in July 2012, partially offset by a decrease of \$20.8 million in cyclical political revenue.

Content Costs. Content costs for the year ended December 31, 2013 increased \$20.8 million, or 8.5%, to \$264.9 million compared to \$244.1 million for the year ended December 31, 2012. The increase was primarily attributable to costs related to our national content initiatives, including the launch of our NASH country brand.

Other Direct Operating Expenses. Other direct operating expenses for the year ended December 31, 2013 increased \$24.6 million, or 6.5%, to \$403.4 million compared to \$378.8 million for the year ended December 31, 2012. The increase was primarily attributable to ongoing investments in our sales infrastructure, and expenses attributable to the WestwoodOne acquisition, as well as costs attributable to the five stations the Company acquired in the Fresno market

in the Townsquare

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Transaction and an increase in expenses due to the addition of the stations in the Bloomington and Peoria markets we acquired from Townsquare in July 2012.

**Depreciation and Amortization.** Depreciation and amortization for the year ended December 31, 2013 decreased \$23.1 million, or 17.0%, to \$112.5 million compared to \$135.6 million for the year ended December 31, 2012. This decrease was primarily due to a \$23.0 million decrease in amortization expense on our definite lived intangible assets, resulting from increased expense in the prior year due to the accelerated amortization methodology we have applied since acquisition of these assets based on the pattern in which the underlying assets' economic benefits are expected to be consumed.

**LMA Fees.** LMA fees for the year ended December 31, 2013 increased \$0.2 million, or 7.2%, to \$3.7 million compared to \$3.5 million for the year ended December 31, 2012.

**Corporate Expenses, Including Stock-based Compensation Expense.** Corporate expenses, including stock-based compensation expense for year ended December 31, 2013, increased \$2.4 million to \$59.8 million, or 4.2%, compared to \$57.4 million for the year ended December 31, 2012. The increase was primarily due to a \$7.9 million increase in expenses relating to the December 2013 refinancing and a \$2.4 million net increase in various other corporate expenses, including acquisition costs, offset by an \$8.0 million decrease in stock-based compensation expense.

**Gain on Sale of Assets or Stations.** During the year ended December 31, 2013 we recorded a gain of \$3.7 million. There were no similar transactions during the 2012 period.

**Gain on Derivative Instrument.** During the years ended December 31, 2013 and 2012, we recorded gains of \$1.9 million and less than \$0.1 million, respectively, related to our recording of the fair value of an option to acquire five stations in Green Bay, Wisconsin which acquisition we completed in 2013.

**Impairment of Intangible Assets and Goodwill.** For the year ended December 31, 2012, we recorded impairment charges of \$98.9 million and \$14.7 million related to goodwill and indefinite lived intangible assets (FCC Licenses), respectively, and a definite-lived intangible asset impairment of \$12.4 million related to the cancellation of a contract. In the fourth quarter of 2012, as the Company began the process of its annual impairment test of goodwill and FCC Licenses, format and structural changes made in the first half of 2012 at certain markets acquired during the second half of 2011 did not achieve the expected results for fiscal year 2012 and certain markets failed step 1 of our annual impairment test of goodwill.

**Interest Expense.** Interest expense for the year ended December 31, 2013 decreased \$21.3 million to \$178.3 million compared to \$199.6 million for the year ended December 31, 2012. Interest expense associated with outstanding debt decreased by \$22.8 million to \$187.8 million as compared to \$83.8 million in the prior year. The following summary details the components of our interest expense (dollars in thousands):

	Year Ended		2013 vs 2012		
	December 31,		\$ Change	% Change	
	2013	2012			
7.75% senior notes	\$47,275	\$47,275	\$—	—	%
Bank borrowings — term loans and revolving credit facilities	117,687	140,525	(22,838 )	(16.3 )	%
Other, including debt issue cost amortization	11,487	11,443	44	0.4	%
Preferred stock dividend	1,802	—	1,802	**	
Change in fair value of interest rate cap	23	331	(308 )	(93.1 )	%
Interest expense	\$178,274	\$199,574	\$(21,300 )	(10.7 )	%

\*\* Calculation is not meaningful

**Loss on Early Extinguishment of Debt.** For the years ended December 31, 2013 and 2012 we recorded \$34.9 million and \$2.4 million in losses on early extinguishment of debt primarily as a result of our debt refinancings in December 2013 and 2012, respectively.

**Income Tax Benefit (Expense).** We recorded an income tax benefit from continuing operations of \$68.5 million in 2013 as compared to a \$34.7 million benefit during the prior year. The tax benefit recorded in 2013 is primarily the result of the release of our valuation allowance on the future recovery of deferred tax assets (primarily net operating loss carryforwards) while the tax benefit recorded on continuing operations in the prior year was primarily the result

of the intra-period tax allocation rules requiring the tax benefit being allocated to continuing operations be the lesser of the tax benefit of the loss from continuing operations or the total tax avoided with the presence of the income from discontinued operations. The total tax avoided from the presence of income from discontinued operations was the lesser of the two amounts in 2012.



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Adjusted EBITDA. As a result of the factors described above, Adjusted EBITDA for the year ended December 31, 2013 decreased \$28.0 million, or 7.8%, to \$330.0 million compared to \$358.0 million for the year ended December 31, 2012.

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

	Year Ended December 31,		% Change	
	2013	2012		
Net income (loss)	\$ 176,083	\$(32,729)	) **	
Income tax benefit	(68,464)	) (34,670)	) (97.5	)%
Non-operating expenses, including net interest expense	177,283	201,107	(11.8	)%
LMA fees	3,716	3,465	7.2	%
Depreciation and amortization	112,511	135,575	(17.0	)%
Stock-based compensation expense	10,804	18,779	(42.5	)%
Gain on sale of assets or stations	(3,685)	) —	**	
Realized gain on derivative instrument	(1,852)	) (12)	) **	
Acquisition-related costs	20,019	16,989	17.8	%
Franchise taxes	1,139	336	239.0	%
Impairment of intangible assets and goodwill	—	125,985	**	
Loss on early extinguishment of debt	34,934	2,432	**	
Discontinued operations:				
Income from discontinued operations, net of tax	(132,470)	) (79,203)	) (67.3	)%
Adjusted EBITDA	\$ 330,018	\$ 358,054	(7.8	)%

\*\* Calculation is not meaningful

Intangible Assets (including Goodwill), net. Intangible assets, net of amortization, were \$3,168.6 million and \$3,056.7 million as of December 31, 2013 and 2012, respectively. These intangible asset balances primarily consist of broadcast licenses and goodwill. Intangible assets, net, increased from the prior year primarily due to an increase in goodwill and other intangible assets related to the WestwoodOne Acquisition, partially offset by the reduction in intangible assets associated with the markets sold in the Townsquare Transaction.

Our impairment testing requires us to make certain assumptions in determining fair value, including assumptions about the cash flow growth of our businesses. Additionally, fair values are significantly impacted by macroeconomic factors, including market multiples at the time the impairments tests are performed. The following factors could adversely impact the current carrying value of our broadcast licenses and goodwill: (a) sustained decline in the price of our common stock, (b) the potential for a decline in our forecasted operating profit margins or expected cash flow growth rates, (c) a decline in our industry forecasted operating profit margins, (d) the potential for a continued decline in advertising market revenues within the markets we operate stations, or (e) the sustained decline in the selling prices of radio stations.

#### Seasonality and Cyclicity

Our operations and revenues tend to be seasonal in nature, with generally lower revenue generated in the first quarter of the year and generally higher revenue generated in the second and fourth quarters of the year. The seasonality of our business reflects the adult orientation of our formats and relationship between advertising purchases on these formats with the retail cycle. This seasonality causes and will likely continue to cause a variation in our quarterly operating results. Such variations could have a material effect on the timing of our cash flows.

In addition, our revenues tend to fluctuate between years, consistent with, among other things, increased advertising expenditures in even-numbered years by political candidates, political parties and special interest groups. This political spending typically is heaviest during the fourth quarter.

Liquidity and Capital Resources

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## Liquidity Considerations

The following table summarizes our principal funding obligations for the years ended December 31, 2014, 2013 and 2012 (dollars in thousands):

	2014	2013	2012
Repayments of bank borrowings	\$156,125	\$2,111,688	\$174,313
Interest payments	135,392	164,893	192,083
Capital expenditures	19,026	11,081	6,607
Acquisition and purchase of intangible assets	8,500	322,838	9,998
Cash Flows from Operating Activities			

(Dollars in thousands)

	2014	2013	2012
Net cash provided by operating activities	\$136,796	\$121,141	\$179,490

For the year ended December 31, 2014, net cash provided by operating activities increased by \$15.7 million over the prior year. Excluding non-cash items, the Company generated comparable levels of income in 2014 as compared to the prior year. As a result, the change in cash flows from operating activities was primarily attributable to the timing of certain payments. For the year ended December 31, 2013, net cash provided by operating activities decreased by \$58.4 million over the prior year. The decrease in 2013 was primarily due to a decrease in working capital driven by slightly worse collections and timing of payments.

## Cash Flows from Investing Activities

	2014	2013	2012
Net cash (used in) provided by investing activities	\$(15,572)	\$(92,625)	\$98,143

(Dollars in thousands)

For the year ended December 31, 2014, net cash used in investing activities decreased \$77.1 million, primarily due to less cash used in acquisitions in 2014 of \$314.3 million and a decrease in proceeds from the sale and exchange of assets or stations of \$225.7 million, partially offset by an increase of \$7.9 million primarily relating to one time investments at WestwoodOne. For the year ended December 31, 2013, net cash used in investing activities increased \$190.8 million, primarily due to \$322.8 million paid in 2013 to complete certain transactions, including the WestwoodOne Acquisition, Townsquare Transaction, Green Bay Purchase, WFME Asset Exchange, and Pamal Broadcasting Asset Purchase, and an increase of \$4.5 million in expenditures for routine capital improvements, partially offset by an increase in proceeds of \$120.1 million from our transactions with Townsquare.

## Cash Flows from Financing Activities

	2014	2013	2012
Net cash used in financing activities	\$(146,745)	\$(83,774)	\$(220,175)

(Dollars in thousands)

For the year ended December 31, 2014, net cash used in financing activities increased \$63.0 million as compared to the year ended December 31, 2013. The increase was primarily due to a \$61.7 million increase in net repayments on borrowings. For the year ended December 31, 2013, net cash used in financing activities decreased \$136.4 million as compared to the year ended December 31, 2012. In the year ended December 31, 2013 the Company made net repayments on term loans and preferred stock of \$157.5 million, which were \$45.0 million less than net repayments in 2012. The Company also issued equity securities resulting in a net cash inflow of \$89.8 million in 2013. There were no proceeds from issuances of equity in 2012.

## Acquisitions and Dispositions

For a detailed discussion of our material 2014 and 2013 acquisitions and dispositions, see Note 2, "Acquisitions and Dispositions" in the consolidated financial statements included elsewhere in this Form 10-K. We did not complete any material dispositions during the years ended December 31, 2014 or 2013.

## 2013 Financing Transactions



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Amended and Restated Credit Agreement

In December 2013, we entered into the Credit Agreement. The Credit Agreement consists of the \$2.025 billion Term Loan maturing in December 2020 and the \$200.0 million Revolving Credit Facility maturing in December 2018.

Under the Revolving Credit Facility, up to \$30.0 million of availability may be drawn in the form of letters of credit. Upon entry into the Credit Agreement, we used Term Loan borrowings of \$2.025 billion to repay in full all amounts outstanding under the first lien term loan and second lien term loan under our pre-existing credit agreements.

Term Loan borrowings and borrowings under the Revolving Credit Facility bear interest, at the option of Cumulus Holdings, based on the Base Rate (as defined below) or the London Interbank Offered Rate ("LIBOR"), in each case plus 3.25% on LIBOR-based borrowings and 2.25% on Base Rate-based borrowings. LIBOR-based borrowings are subject to a LIBOR floor of 1.0% under the Term Loan. Base Rate-based borrowings are subject to a Base Rate Floor of 2.0% under the Term Loan. Base Rate is defined, for any day, as the fluctuating rate per annum equal to the highest of (i) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1.0%, (ii) the prime commercial lending rate of JPMorgan Chase Bank, N.A., as established from time to time, and (iii) 30 day LIBOR plus 1.0%. Amounts outstanding under the Term Loan amortize at a rate of 1.0% per annum of the original principal amount of the Term Loan, payable quarterly, commencing March 31, 2014, with the balance payable on the maturity date.

At December 31, 2014, the Term Loan bore interest at 4.25% per annum.

The representations, covenants and events of default in the Credit Agreement are customary for financing transactions of this nature. Events of default in the Credit Agreement include, among others: (a) the failure to pay when due the obligations owing thereunder; (b) the failure to perform (and not timely remedy, if applicable) certain covenants; (c) certain defaults and accelerations under other indebtedness; (d) the occurrence of bankruptcy or insolvency events; (e) certain judgments against the Company or any of its restricted subsidiaries; (f) the loss, revocation or suspension of, or any material impairment in the ability to use of or more of, any material Federal Communications Commission licenses; (g) any representation or warranty made, or report, certificate or financial statement delivered, to the lenders subsequently proven to have been incorrect in any material respect; and (h) the occurrence of a Change in Control (as defined in the Credit Agreement). Upon the occurrence of an event of default, the lenders may terminate the loan commitments, accelerate all loans and exercise any of their rights under the Credit Agreement and the ancillary loan documents as a secured party.

In the event amounts are outstanding under the Revolving Credit Facility or any letters of credit are outstanding that have not been collateralized by cash as of the end of each quarter, the Credit Agreement requires compliance with a consolidated first lien leverage ratio covenant. The required ratio at December 31, 2014 was 5.75 to 1. As of December 31, 2014, we were in compliance with all of our covenants under the Credit Agreement. The first lien net leverage ratio covenant, however, periodically decreases until it reaches 4.0 to 1 on March 31, 2018. At March 31, 2015 the required ratio will be 5.50 to 1. As we currently have no borrowings outstanding under the Revolving Credit Facility, the required ratio does not apply. However beginning in the second quarter of 2015, we anticipate that we will lose access to the Revolving Credit Facility as our leverage will be greater than the required ratio, and will not regain access until we again satisfy the first lien ratio requirement that would permit such borrowings.

Certain mandatory prepayments on the Term Loan are required upon the occurrence of specified events, including upon the incurrence of certain additional indebtedness, upon the sale of certain assets and upon the occurrence of certain condemnation or casualty events, and from excess cash flow.

The Company's, Cumulus Holdings' and their respective restricted subsidiaries' obligations under the Credit Agreement are collateralized by a first priority lien on substantially all of the Company's, Cumulus Holdings' and their respective restricted subsidiaries' assets in which a security interest may lawfully be granted, including, without limitation, intellectual property and substantially all of the capital stock of the Company's direct and indirect domestic wholly-owned subsidiaries and 66% of the capital stock of any future first-tier foreign subsidiaries. In addition, Cumulus Holdings' obligations under the Credit Agreement are guaranteed by the Company and substantially all of its restricted subsidiaries, other than Cumulus Holdings.

At December 31, 2014, we had \$1,903.9 million outstanding under the Term Loan and no amounts outstanding under the Revolving Credit Facility.

Accounts Receivable Securitization Facility

In December 2013, we entered into the Securitization Facility, pursuant to which the Originators sell and/or contribute their existing and future accounts receivable and related assets to the SPV, and the SPV may thereafter make borrowings from the Lenders, which borrowings are secured by those receivables and related assets, pursuant to the Funding Agreement. Cumulus Holdings services the accounts receivable on behalf of the SPV for a monthly fee.

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Advances available under the Funding Agreement at any time are subject to a borrowing base determined based on advance rates relating to the value of the eligible receivables held by the SPV at that time. The Securitization Facility matures on December 6, 2018, subject to earlier termination at the election of the SPV. Advances bear interest based on either LIBOR plus 2.50% or the Index Rate (as defined in the Funding Agreement) plus 1.00%. The SPV is also required to pay a monthly fee based on any unused portion of the Securitization Facility. The Securitization Facility contains representations and warranties, affirmative and negative covenants, and events of default that are customary for financings of this type. As of December 31, 2014, the Company was in compliance with all required covenants under the Securitization Facility.

At December 31, 2014, the Company had no amounts outstanding under the Securitization Facility.

For additional discussion of our recent financing transactions, see Note 9, "Long-Term Debt," Note 11, "Stockholders' Equity," and Note 12, "Redeemable Preferred Stock" in the consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Critical Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the GAAP requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate estimates, including those related to revenue recognition, bad debts, intangible assets, income taxes, stock-based compensation, contingencies, litigation, and purchase price allocation. We base our estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts and results may differ materially from these estimates. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition

We recognize revenue from the sale of commercial broadcast time to advertisers when the commercials are broadcast, subject to meeting certain conditions such as persuasive evidence that an arrangement exists and collection is reasonably assured. These criteria are generally met at the time an advertisement is broadcast.

Accounts Receivable and Concentration of Credit Risks

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in our existing accounts receivable. We determine the allowance based on several factors including the length of time receivables are past due, trends and current economic factors. All balances are reviewed and evaluated on a consolidated basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. We do not have any off-balance-sheet credit exposure related to our customers.

In the opinion of our management, credit risk with respect to accounts receivable is limited due to the large number of customers and the geographic diversification of our customer base. We perform ongoing credit evaluations of our customers and believe that adequate allowances for any uncollectible accounts receivable are maintained.

Intangible Assets

We have significant intangible assets recorded in our accounts. These intangible assets are comprised primarily of broadcast licenses and goodwill acquired through the acquisition of radio stations. We are required to review the carrying value of certain intangible assets and our goodwill annually for impairment, and more frequently if circumstances warrant, and record any impairment to results of operations in the periods in which the recorded value of those assets is more than their fair value. As of December 31, 2014, we had \$3.1 billion in intangible assets and goodwill, which represented approximately 82.6% of our total assets.

We perform our annual impairment tests for indefinite-lived intangible assets and goodwill during the fourth quarter. The impairment tests require us to make certain assumptions in determining fair value, including assumptions about the cash flow growth rates of our businesses. Additionally, the fair values are significantly impacted by macroeconomic factors, including market multiples at the time the impairment tests are performed. More specifically,

the following could adversely impact the current carrying value of our broadcast licenses and goodwill: (a) sustained decline in the price of our common stock, (b) the

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potential for a decline in our forecast operating profit margins or expected cash flow growth rates, (c) a decline in our industry forecast operating profit margins, (d) the potential for a continued decline in advertising market revenues within the markets we operate stations, or (e) the sustained decline in the selling prices of radio stations. The calculation of the fair value of each reporting unit is prepared using an income approach and discounted cash flow methodology.

The Company has three reporting units for goodwill impairment purposes which align with Company's operational structure of three distinct verticals used to effectively manage the operations of the business. The Company's top 50 Nielsen Audio rated markets and WestwoodOne comprise one reporting unit, the second reporting unit consists of all of the Company's other radio markets while the third reporting unit, in which there is no goodwill, consists of all non-radio lines of business.

The assumptions used in estimating the fair values of the reporting units are based on currently available data and management's best estimates and, accordingly, a change in market conditions or other factors could have a material effect on the estimated values. The use of different estimates could also result in materially different results.

We generally conducted our impairment tests as follows:

**Step 1 Goodwill Test**

In performing our annual impairment testing of goodwill, the fair value of each reporting unit was calculated using a discounted cash flow analysis, an income approach. The discounted cash flow approach requires the projection of future cash flows and the calculation of these cash flows into their present value equivalent via a discount rate. We used an approximate five-year projection period to derive operating cash flow projections from a market participant view. We made certain assumptions regarding future revenue growth based on industry market data and historical and expected performance. We then projected future operating expenses in order to derive operating profits, which we combined with expected working capital additions and capital expenditures to determine operating cash flows.

For our annual impairment test, we performed the Step 1 goodwill test (the "Step 1 test") and compared the fair value of each reporting unit to the carrying value of its net assets as of December 31, 2014. This test was used to determine if any of our reporting units had an indicator of impairment.

The discount rate employed in the fair value calculations of our reporting units was 8.0% for our Step 1 test. We believe this discount rate was appropriate and reasonable for estimating the fair value of the reporting units. As a measure of sensitivity, a 1% change in the discount rate would have had no impact on the carrying value of our goodwill.

For periods after 2014, we projected annual revenue growth based on industry data and historical performance. We derived projected expense growth based primarily on the stations' historical financial performance and expected growth. Our projections were based on then-current market and economic conditions and our historical knowledge of the reporting units.

To validate our conclusions and determine the reasonableness of our assumptions, we conducted an overall check of our fair value calculations by comparing the implied fair value of our reporting units, in the aggregate, to our market capitalization as of December 31, 2014. As compared with the market capitalization value of \$3.5 billion as of December 31, 2014, the aggregate fair value of all markets of approximately \$3.6 billion was approximately \$0.1 billion, or 2.9%, higher than the market capitalization.

Key data points included in the market capitalization calculations were as follows:

- shares outstanding, including certain warrants, of 236.3 million as of December 31, 2014;
- closing price of our Class A common stock on December 31, 2014 of \$4.23 per share; and
- total debt of \$2.5 billion on December 31, 2014.

Utilizing the above analysis and data points, we concluded the fair values of our reporting units, as calculated, are appropriate and reasonable.

The table below presents the percentages by which the fair value exceeded the carrying value of the Company's reporting units under the Step 1 test as of December 31, 2014.

	Reporting Unit 1	Reporting Unit 2	Reporting Unit 3
Carrying value (in thousands)	\$1,920,074	\$962,499	N/A **

Percentage exceeding carrying value	32.0	% 53.4	% N/A **
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\*\* Contains no goodwill

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The Company's analysis determined that, based on its Step 1 goodwill test, the fair value of its reporting units containing goodwill balances exceeded their carrying value at December 31, 2014. As a result, the Company was not required to perform a Step 2 test.

**Indefinite Lived Intangibles (FCC Licenses)**

We perform our annual impairment testing of indefinite-lived intangibles (our FCC licenses) during the fourth quarter and on an interim basis if events or circumstances indicate that the asset may be impaired. We have combined all of our broadcast licenses within a single geographic market cluster into a single unit of accounting for impairment testing purposes. As part of the overall planning associated with the indefinite-lived intangibles test, we determined that our geographic markets are the appropriate unit of accounting for the broadcast license impairment testing.

As a result of the annual impairment test, we determined that the carrying value of all of the Company's reporting units (FCC licenses) exceeded their fair values. Accordingly, we determined that no impairment existed for the FCC licenses for the year ended December 31, 2014.

For the annual impairment test of our FCC licenses, including both AM and FM licenses, we utilized the income approach, specifically the Greenfield Method.

The income approach measures value based on income generated by the subject property, which is then analyzed and projected over a specified time and capitalized at an appropriate market rate to arrive at the estimated value. The Greenfield Method isolates cash flows attributable to the subject asset using a hypothetical start-up approach.

The estimated fair values of our FCC licenses represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair value also assumes the highest and best use of the asset by market participants, considering the use of the asset that is physically possible, legally permissible and financially feasible.

A basic assumption in our valuation of these FCC licenses was that these radio stations were new radio stations, signing on-the-air as of the date of the valuation. We assumed the competitive situation that existed in those markets as of that date, except that these stations were just beginning operations. In doing so, we bifurcated the value of going concern and any other assets acquired, and strictly valued the FCC licenses.

In estimating the value of the AM and FM licenses using a discounted cash flow analysis we began with market revenue projections. Next, we estimated the percentage of the market's total revenue, or market share, that market participants could reasonably expect an average start-up station to attain, as well as the duration (in years) required to reach the average market share. The estimated average market share was computed based on market share data, by type (i.e., AM and FM).

After market revenue and market shares have been estimated, operating expenses, including depreciation based on assumed investments in fixed assets and future capital expenditures, of a start-up station or operation are similarly estimated based on industry-average cost data. Appropriate estimated income taxes are then subtracted, estimated depreciation added back, estimated capital expenditures subtracted, and estimated working capital adjustments are made to calculate estimated free cash flow during the build-up period until a steady state or mature "normalized" operation is achieved.

We discounted the net free cash flows using an after-tax weighted average cost of capital of 8.0%, and then calculated the total discounted net free cash flows. For net free cash flows beyond the projection period, we estimated a perpetuity value, and then discounted the amounts to present values. As a measure of sensitivity, a 1% change in the discount rate would have had no impact on the carrying value of our FCC licenses.

In order to estimate what listening audience share would be expected for each station by market, we analyzed the average local commercial share garnered by similar AM and FM stations competing in those radio markets. We may make adjustments to the listening share and revenue share based on the stations' signal coverage within the market and the surrounding area population as compared to the other stations in the market. Based on our knowledge of the industry and familiarity with similar markets, we determined that approximately three years would be required for the stations to reach maturity. We also incorporated the following additional assumptions into the discounted cash flow valuation model:

• projected operating revenues and expenses through 2019;

the estimation of initial and on-going capital expenditures (based on market size);  
depreciation on initial and on-going capital expenditures (we calculated depreciation using accelerated double  
declining balance guidelines over five years for the value of the tangible assets necessary for a radio station to go  
on-the-air);

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• the estimation of working capital requirements (based on working capital requirements for comparable companies);  
• the calculations of yearly net free cash flows to invested capital; and  
• amortization of the intangible asset — the FCC license.

Based on the results of our annual impairment test, the fair value of our broadcasting licenses was approximately \$3,078.6 million which was in excess of the \$1,596.7 million carrying value by \$1,481.9 million, or 92.8%.

Investments

The Company follows ASC Topic 325-20, Cost Method Investments (“ASC 325-20”) to account for its ownership interest in noncontrolled entities. Under ASC 325-20, equity securities that do not have readily determinable fair values (i.e., non-marketable equity securities) and are not required to be accounted for under the equity method are typically carried at cost (i.e., cost method investments). Investments of this nature are initially recorded at cost.

Income is recorded for dividends received that are distributed from net accumulated earnings of the noncontrolled entity subsequent to the date of investment. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions in the cost of the investment.

Investments are written down only when there is clear evidence that a decline in value that is other than temporary has occurred. During the year ended December 31, 2014, we sold one of our cost method investments for \$13.0 million, recognizing a gain on sale of \$3.2 million, which is included in other income (expense), net in the consolidated statement of operations. As of December 31, 2014 and 2013, the aggregate carrying amounts of our cost-method investments were \$17.3 million and \$9.9 million, respectively.

Stock-based Compensation Expense

Stock-based compensation expense recognized under ASC Topic 718, Compensation — Share-Based Payment (“ASC 718”), for the years ended December 31, 2014, 2013 and 2012, was \$17.6 million, \$10.8 million, and \$11.9 million, respectively. Upon adopting ASC 718 for awards with service conditions, an election was made to recognize stock-based compensation expense on a straight-line basis over the requisite service period for the entire award. For stock options with service conditions only, we utilize the Black-Scholes option pricing model to estimate the fair value of options issued. For restricted stock awards with service conditions, we utilize the intrinsic value method. For restricted stock awards with performance conditions, we evaluate the probability of vesting of the awards in each reporting period and adjusts compensation cost based on this assessment. The fair value is based on the use of certain assumptions regarding a number of highly complex and subjective variables. If other assumptions are used, the results could differ.

Income Taxes

We use the liability method of accounting for deferred income taxes. Deferred income taxes are recognized for all temporary differences between the tax and financial reporting bases of our assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recorded for a net deferred tax asset balance when it is more likely than not that the benefits of the tax asset will not be realized. We continue to assess the need for its deferred tax asset valuation allowance in the jurisdictions in which it operates. Any adjustment to the deferred tax asset valuation allowance is recorded in the income statement of the period that the adjustment is determined to be required.

Legal Proceedings

We are currently party to, or a defendant in, various claims or lawsuits that are generally incidental to our business. We also expect that from time to time in the future we will be party to, or a defendant in, various claims or lawsuits that are generally incidental to our business. We expect that we will vigorously contest any such claims or lawsuits and believe that the ultimate resolution of any known claim or lawsuit will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Valuation Allowance on Deferred Taxes

As of December 31, 2014, the Company believes that it is more likely than not that all but \$19.0 million of its deferred tax assets relating to state net operating loss carryforwards will be realized. As such, the Company has recorded a valuation allowance of \$19.0 million to reduce those state net operating loss carryforwards to their net realizable value. The valuation allowance increased by \$2.2 million during 2014, which is the result of the inability to utilize the

benefit of current year net operating losses in certain jurisdictions.

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## Trade Transactions

We provide advertising time in exchange for certain products, supplies and services. We include the value of such exchanges in both station revenues and station operating expenses. Trade valuation is based upon our management's estimate of the fair value of the products, supplies and services received. For the years ended December 31, 2014, 2013 and 2012, amounts reflected under trade transactions were: (1) trade revenues of \$34.9 million, \$31.1 million and \$27.7 million, respectively; and (2) trade expenses of \$36.8 million, \$31.2 million and \$26.1 million, respectively.

## Summary Disclosures about Contractual Obligations and Commercial Commitments

The following tables reflect a summary of our contractual cash obligations and other commercial commitments as of December 31, 2014 (dollars in thousands):

## Payments Due By Period

Contractual Cash Obligations	Total	Less Than 1 Year	1 to 3 Years	3 to 5 years	After 5 Years
Long-term debt (1)	\$3,201,945	\$128,190	\$256,379	\$834,863	\$1,982,513
Operating leases (2)	128,542	24,572	43,407	28,291	32,272
Other contractual obligations (3)	538,041	161,886	274,156	34,712	67,287
Total contractual cash obligations	\$3,868,528	\$314,648	\$573,942	\$897,866	\$2,082,072

(1) Based on amounts outstanding, interest rates and required repayments as of December 31, 2014. Also assumes that outstanding indebtedness will not be refinanced prior to scheduled maturity.

(2) Net of future minimum sublease income.

(3) Consists of contractual obligations for goods or services including broadcast rights that are enforceable and legally binding obligations that include all significant terms.

## Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of December 31, 2014.

## Adoption of New Accounting Standards

ASU 2013-04. In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-04, which provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements where the total obligation is fixed at the reporting date, and for which no specific guidance currently exists. The Company adopted this guidance effective January 1, 2014. The adoption of this guidance did not have an impact on the consolidated financial statements.

ASU 2013-11. In July 2013, the FASB issued ASU 2013-11. The amendments in this ASU clarify when a liability related to an unrecognized tax benefit should be presented in the financial statements as a reduction to the related deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The Company adopted this guidance effective January 1, 2014. The adoption of this guidance did not have an impact on the consolidated financial statements.

## Recent Accounting Standards Updates

ASU 2014-08. In April 2014, the FASB issued ASU 2014-08. Under this ASU, only disposals that represent a strategic shift that has (or will have) a major effect on the entity's results and operations would qualify as discontinued operations. This ASU (1) expands the disclosure requirements for disposals that meet the definition of a discontinued operation, (2) requires entities to disclose information about disposals of individually significant components, (3) defines "discontinued operations" similarly to how it is defined under International Financial Reporting Standards ("IFRS") 5, and (4) requires entities to expand their disclosures about discontinued operations to include more information about assets, liabilities, income and expenses. In addition, this ASU will also require entities to disclose the pre-tax income attributable to a disposal of "an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements." The ASU is effective prospectively for all disposals (or classifications as held for sale) that occur within annual periods beginning on or after December 15, 2014

and interim periods within those years. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on the consolidated financial statements.



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ASU 2014-09. In May 2014, the FASB issued ASU 2014-09. The amended guidance under this ASU outlines a single comprehensive revenue model for entities to use in accounting for revenue arising from contracts with customers. The guidance supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the single comprehensive revenue model is that “an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.” Entities have the option of using either a full retrospective or modified approach to adopt the guidance. The ASU is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016 (early adoption is not permitted). The Company is currently assessing the expected impact, if any, that this ASU will have on the consolidated financial statements.

ASU 2014-15. In August 2014, the FASB issued ASU 2014-15. The amendments in this update provide guidance in GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern and to provide related footnote disclosures. Management’s evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The amendments in this ASU are effective for public and nonpublic entities for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on the consolidated financial statements.

ASU 2015-01. In January 2015, the FASB issued ASU 2015-01. The amendments in this ASU eliminate the concept of an extraordinary item from GAAP. As a result, an entity will no longer be required to segregate extraordinary items from the results of ordinary operations, to separately present an extraordinary item on its income statement, net of tax, after income from continuing operations or to disclose income taxes and earnings-per-share data applicable to an extraordinary item. However, the amendments in this ASU will still retain the presentation and disclosure guidance for items that are unusual in nature and occur infrequently. The amendments in this ASU are effective for public and nonpublic entities for annual periods, and interim periods within those fiscal periods, ending after December 15, 2015. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Risk

As of December 31, 2014, 72.9% of our long-term debt, or \$1.9 billion, bore interest at variable rates. Accordingly, our earnings and after-tax cash flow are subject to change based on changes in interest rates. Assuming the level of borrowings outstanding at December 31, 2014 at variable interest rates and assuming a one percentage point increase (decrease) in the 2014 average interest rate payable on these borrowings, it is estimated that our 2014 interest expense would have increased (decreased) and net income would have decreased (increased) by \$25.1 million. As part of our efforts to mitigate interest rate risk, in December 2013, we entered into an interest rate cap agreement with JPMorgan that effectively fixed the interest rate, based on LIBOR, on \$71.3 million of our variable rate borrowings. This agreement caps the LIBOR-based variable interest rate component of our long-term debt at a maximum of 3.0% on an equivalent amount of our term loans. This agreement is intended to reduce our exposure to interest rate fluctuations and was not entered into for speculative purposes. In light of the fact that the interest rate we pay on our variable interest rate debt remained below the cap contained in the interest rate cap agreement, at December 31, 2014, we continued to have \$1.9 billion of borrowings outstanding that were not subject to the interest rate cap. As a result, a one percentage point change in the 2014 average interest rate payable on these borrowings would have had the same effect on our interest expense and net income as set out above. In the event interest rates rise above the cap contained in the interest rate cap agreement during the term of the agreement, our interest expense and net income could be materially affected, depending on the timing thereof and the amount of variable interest rate debt we have outstanding.

From time to time in the past we have managed, and may in the future seek to manage, our interest rate risk on a portion of our variable rate debt by entering into interest rate swap agreements in which we receive payments based on

variable interest rates and made payments based on a fixed interest rate. We were not party to any such swap agreements on December 31, 2014.

**Foreign Currency Risk**

None of our operations are measured in foreign currencies. As a result, our financial results are not subject to factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets.

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Item 8. Financial Statements and Supplementary Data

The information in response to this item is included in our consolidated financial statements, together with the report thereon of PricewaterhouseCoopers LLP, beginning on page F-1 of this Annual Report on Form 10-K, which follows the signature page hereto.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15(d)-15(e) of the Exchange Act) designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Such disclosure controls and procedures are designed to ensure that information required to be disclosed in reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chairman, President and Chief Executive Officer (“CEO”) and Senior Vice President, Treasurer and Chief Financial Officer (“CFO”) (the principal executive and principal financial officers, respectively), as appropriate, to allow timely decisions regarding required disclosure. At the end of the period covered by this report, an evaluation was carried out under the supervision and with the participation of our management, including our CEO and CFO, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, the CEO and CFO have concluded our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2014.

(b) Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). The Company’s management assessed the effectiveness of its internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework (2013). Based on this assessment, management has concluded that, as of December 31, 2014, the Company’s internal control over financial reporting was effective.

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an Independent Registered Public Accounting Firm, as stated in their report which appears herein.

/s/ Lewis W. Dickey, Jr.

/s/ Joseph P. Hannan

Chairman, President and Chief Executive Officer

Senior Vice President, Treasurer and Chief Financial Officer

(c) Changes in Internal Control over Financial Reporting

There were no changes to our internal control over financial reporting during the fourth quarter of 2014 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

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## PART III

## Item 10. Directors and Executive Officers and Corporate Governance

The information required by this item with respect to our directors, compliance with Section 16(a) of the Exchange Act and our code of ethics is incorporated by reference to the information, to be set forth under the captions “Members of the Board of Directors,” “Section 16(a) Beneficial Ownership Reporting Compliance,” “Information about the Board of Directors” and “Code of Ethics” in our definitive proxy statement for the 2015 Annual Meeting of Stockholders, expected to be filed within 120 days of our fiscal year end (the “2015 Proxy Statement”). The required information regarding our executive officers is contained in Part I of this Report.

## Item 11. Executive Compensation

The information required by this item is incorporated by reference to the information to be set forth under the caption “Executive Compensation” in our 2015 Proxy Statement.

## Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item with respect to the security ownership of our management and certain beneficial owners is incorporated by reference to the information set forth under the caption “Security Ownership of Certain Beneficial Owners and Management” in our 2015 Proxy Statement.

## Securities Authorized For Issuance Under Equity Incentive Plans

The following table sets forth, as of December 31, 2014, the number of securities outstanding under our equity compensation plans, the weighted average exercise price of such securities and the number of securities available for grant under these plans:

Plan Category	To be Issued Upon Exercise of Outstanding Options Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a))
Equity Compensation Plans Approved by Stockholders	26,705,905	\$ 4.82	5,974,650
Equity Compensation Plans Not Approved by Stockholders	—	—	—
Total	26,705,905	\$ 4.82	5,974,650

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Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated by reference to the information to be set forth under the caption “Certain Relationships and Related Transactions” in our 2015 Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated by reference to the information to be set forth under the caption “Auditor Fees and Services” in our 2015 Proxy Statement.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) (1)-(2) Financial Statements. The financial statements and financial statement schedule listed in the Index to Consolidated Financial Statements appearing on page F-1 of this annual report on Form 10-K are filed as a part of this report. All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission have been omitted either because they are not required under the related instructions or because they are not applicable.

(3) Exhibits

- 2.1 Agreement and Plan of Merger, dated August 30, 2013, by and among Cumulus Media Holdings Inc., Dial Global, Inc., Cardinals Merger Corporation and DG LA Members, LLC (incorporated by reference to Exhibit 2.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on December 13, 2013).
- 3.1 Third Amended and Restated Certificate of Incorporation of Cumulus Media Inc., effective as of September 16, 2011 (incorporated herein by reference to Exhibit 3.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 3.2 Amended and Restated Bylaws of Cumulus Media Inc. (incorporated herein by reference to Exhibit 3.3 to Cumulus Media Inc.'s Quarterly Report on Form 10-Q, File No. 000-24525, filed on November 14, 2011).
- 4.1 Form of Class A Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on August 2, 2002).
- 4.2 Form of Class B Common Stock Certificate (incorporated herein by reference to Exhibit 4.2 to Amendment No. 1 to Cumulus Media Inc.'s Registration Statement on Form S-3/A, File No. 333-176294, filed on September 22, 2011).
- 4.3 Warrant Agreement, dated as of June 29, 2009, among Cumulus Media Inc., the Consenting Lenders signatory thereto and Lewis W. Dickey, Sr., Lewis W. Dickey, Jr., John W. Dickey, Michael W. Dickey, David W. Dickey, Lewis W. Dickey, Sr. Revocable Trust and DBBC, LLC (incorporated herein by reference to Exhibit 10.2 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on June 30, 2009).
- 4.4 Form of Warrant Certificate (incorporated herein by reference to Exhibit 4.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on June 30, 2009).
- 4.5 Warrant Agreement, dated as of September 16, 2011, between Cumulus Media Inc., Computershare Inc. and Computershare Trust Company, N.A., as Warrant Agent (incorporated herein by reference to Exhibit 4.2 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 4.6 Form of Warrant Statement (included as Exhibit A-1 in Exhibit 4.6) (incorporated herein by reference to Exhibit 4.3 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 4.7 Form of Global Warrant Certificate (included as Exhibit A-2 in Exhibit 4.6) (incorporated herein by reference to Exhibit 4.4 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525,

filed on September 22, 2011).

4.8

Warrant, dated as of September 16, 2011, issued to Crestview Radio Investors, LLC (incorporated herein by reference to Exhibit 4.5 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).

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- 4.9 Registration Rights Agreement, effective as of August 1, 2011, by and among Cumulus Media Inc. and the stockholders (as defined therein) that are parties thereto (incorporated herein by reference to Exhibit 4.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on August 4, 2011).
- 4.10 Registration Rights Agreement, effective as of September 16, 2011, by and among Cumulus Media Inc., Crestview Radio Investors, LLC, UBS Securities LLC and other investors signatory thereto (incorporated herein by reference to Exhibit 10.5 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 4.11 Stockholders' Agreement, dated as of September 16, 2011, among Cumulus Media Inc., BA Capital Company, L.P. and Banc of America Capital Investors SBIC, L.P., Blackstone FC Communications Partners L.P., Lewis W. Dickey, Jr., John W. Dickey, David W. Dickey, Michael W. Dickey, Lewis W. Dickey, Sr. and DBBC, L.L.C., Crestview Radio Investors, LLC, MIHI LLC, UBS Securities LLC and any other person who becomes a party thereto (incorporated herein by reference to Exhibit 10.6 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 4.12 Indenture, dated as of May 13, 2011, among Cumulus Media Inc., the Guarantors named therein and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on May 16, 2011).
- 4.13 Form of 7.75% Senior Notes due 2019 (included as Exhibits A and B in Exhibit 4.15) (incorporated herein by reference to Exhibit 4.2 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on May 16, 2011).
- 4.14 First Supplemental Indenture, dated as of September 16, 2011, by and among Cumulus Media Holdings Inc., Cumulus Media Inc., the other parties signatory thereto and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 4.15 Second Supplemental Indenture, dated as of October 16, 2011, by and among Cumulus Media Holdings Inc., each of the subsidiaries of Cumulus Media Holdings Inc. signatory thereto and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.12 to Cumulus Media Inc.'s Quarterly Report on Form 10-Q, File No. 000-24525, filed on November 14, 2011).
- 4.16 Third Supplemental Indenture, effective October 17, 2011, by and among Cumulus Media Holdings Inc., each of the subsidiaries of Cumulus Media Holdings Inc. signatory thereto and U.S. Bank National Association, as trustee (incorporated herein by reference to Exhibit 4.5 to Cumulus Media Inc. Registration Statement on Form S-4/A, File No. 333-178647, filed on March 5, 2012).
- 4.17 Fourth Supplemental Indenture, dated as of December 23, 2013, by and among Cumulus Media Holdings Inc., each of the subsidiaries of Cumulus Media Holdings Inc. signatory thereto and U.S. Bank National Association, as Trustee (incorporated herein by reference to Exhibit 4.17 to Cumulus Media Inc.'s Annual Report on Form 10-K, File No. 000-24525, filed on March 17, 2014).
- 10.1 \* Cumulus Media Inc. 2002 Stock Incentive Plan (incorporated herein by reference to Exhibit 4.1 to Cumulus Media Inc.'s Registration Statement on Form S-8, File No. 333-104542, filed on



April 15, 2003).

- 10.2 \* Cumulus Media Inc. Amended and Restated 2004 Equity Incentive Plan (incorporated herein by reference to Exhibit A to Cumulus Media's Proxy Statement on Schedule 14A, File No. 000-24525, filed on April 13, 2007).
- 10.3 \* Cumulus Media Inc. 2008 Equity Incentive Plan (incorporated herein by reference to Exhibit A to Cumulus Media Inc.'s Proxy Statement on Schedule 14A, File No. 000-24525, filed on October 17, 2008).
- 10.4 \* Form of Restricted Stock Certificate (incorporated herein by reference to Exhibit (d)(7) to Cumulus Media Inc.'s Schedule TO-I, File No. 005-54277, filed on December 1, 2008).

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- 10.5 Form of Stock Option Award Certificate (incorporated herein by reference to Exhibit (d)(8) to Cumulus Media Inc.'s Schedule TO-I, File No. 005-54277, filed on December 1, 2008).
- 10.6 \* Form of 2008 Equity Incentive Plan Restricted Stock Agreement (incorporated by reference to Exhibit 10.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on March 4, 2009).
- 10.7 \* Form of 2008 Equity Incentive Plan Stock Option Award Agreement (incorporated by reference to Exhibit 10.14 to Cumulus Media Inc.'s Annual Report on Form 10-K, File No. 000-24525, filed on March 16, 2009).
- 10.8 \* Cumulus Media Inc. 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 10.9 \* Form of Nonqualified Stock Option Agreement (incorporated herein by reference to Exhibit 10.8 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).
- 10.10 \* Form of Non-employee Director Restricted Stock Agreement under the Cumulus Media Inc. 2011 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.1 to Cumulus Media Inc.'s Quarterly Report on Form 10-Q, File No. 000-24525, filed on May 7, 2012).
- 10.11 \* Form of Employment Agreement with certain executive officers, dated as of November 29, 2011 (incorporated herein by reference to Exhibit 10.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on December 2, 2011).
- 10.12 Receivables Sale and Servicing Agreement, dated as of December 6, 2013, by and among each of the originators party thereto, CMI Receivables Funding LLC, as Buyer, and Cumulus Media Holdings Inc., as Servicer (incorporated by reference to Exhibit 10.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24545, filed on December 12, 2013).
- 10.13 Receivables Funding and Administration Agreement, dated as of December 6, 2013, by and among CMI Receivables Funding LLC, as Borrower, the lenders signatory thereto from time to time and General Electric Capital Corporation, as a lender, as Swing Line Lender and as Administrative Agent (incorporated by reference to Exhibit 10.2 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24545, filed on December 12, 2013).
- 10.14 Amended and Restated Credit Agreement, dated as of December 23, 2013, among Cumulus Media Inc., Cumulus Media Holdings Inc., as Borrower, certain lenders, JPMorgan Chase Bank, N.A., as lender and Administrative Agent, Royal Bank of Canada and Macquarie Capital (USA) Inc., as co-syndication agents, and Credit Suisse AG, Cayman Islands Branch, Fifth Third Bank, Goldman Sachs Bank USA and ING Capital LLC, as co-documentation agents (incorporated by reference to Exhibit 10.1 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24545, filed on December 23, 2013).
- 10.15\* First Lien Guarantee and Collateral Agreement, dated as of September 16, 2011, made by Cumulus Media Inc., Cumulus Media Holdings Inc. and certain subsidiaries of Cumulus Media Inc. in favor

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of JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated herein by reference to Exhibit 10.3 to Cumulus Media Inc.'s Current Report on Form 8-K, File No. 000-24525, filed on September 22, 2011).

- 10.20\* First Amendment to Employment Agreement with John Dickey dated as of September 4, 2014 (incorporated herein by reference to Exhibit 10.1 to Cumulus Media, Inc.'s Quarterly Report on Form 10-Q, File No. 000-24525, filed on November 10, 2014).
- 12.1 \*\* Computation of Ratio of Earnings to Fixed Charges.
- 21.1 \*\* Subsidiaries of Cumulus Media Inc.
- 23.1 \*\* Consent of PricewaterhouseCoopers LLP.
- 31.1 \*\* Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

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31.2 **	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 **	Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.
*	Management contract or compensatory plan or arrangement.
**	Filed or furnished herewith
(b)	Exhibits. See Exhibits above.
(c)	Financial Statement Schedules. Schedule II – Valuation and Qualifying Accounts

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## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on the 2<sup>nd</sup> day of March 2015.

## CUMULUS MEDIA INC.

By       /s/ Joseph P. Hannan  
           Joseph P. Hannan  
           Senior Vice President, Treasurer  
           and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Lewis W. Dickey, Jr. Lewis W. Dickey, Jr.	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2015
/s/ Joseph P. Hannan Joseph P. Hannan	Senior Vice President, Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2015
/s/ Ralph B. Everett Ralph B. Everett	Director	March 2, 2015
/s/ Alexis Glick Alexis Glick	Director	March 2, 2015
/s/ Jeffrey Marcus Jeffrey Marcus	Director	March 2, 2015
/s/ Brian Cassidy Brian Cassidy	Director	March 2, 2015
/s/ Robert H. Sheridan, III Robert H. Sheridan, III	Director	March 2, 2015
/s/ David M. Tolley David M. Tolley	Director	March 2, 2015

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INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following Consolidated Financial Statements of Cumulus Media Inc., are included in Item 8:

	Page
(1) Financial Statements	
<u>Report of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets at December 31, 2014 and 2013</u>	<u>F-3</u>
<u>Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012</u>	<u>F-4</u>
<u>Consolidated Statements of Stockholders' Equity for the years ended December 31, 2014, 2013 and 2012</u>	<u>F-5</u>
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012</u>	<u>F-6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>F-7</u>
(2) Financial Statement Schedule	
<u>Schedule II: Valuation and Qualifying Accounts</u>	<u>S-0</u>

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Cumulus Media Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Cumulus Media Inc. and its subsidiaries at December 31, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Atlanta, Georgia

March 2, 2015

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## CUMULUS MEDIA INC.

## CONSOLIDATED BALANCE SHEETS

December 31, 2014 and 2013

(Dollars in thousands, except for share data)

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	\$7,271	\$32,792
Restricted cash	10,055	6,146
Accounts receivable, less allowance for doubtful accounts of \$6,004 and \$5,306 in 2014 and 2013, respectively	248,308	264,805
Trade receivable	2,455	4,419
Asset held for sale	15,007	—
Prepaid expenses and other current assets	87,730	68,893
Total current assets	370,826	377,055
Property and equipment, net	221,497	254,702
Broadcast licenses	1,596,715	1,596,337
Other intangible assets, net	243,640	315,490
Goodwill	1,253,823	1,256,741
Other assets	58,940	70,110
Total assets	\$3,745,441	\$3,870,435
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$151,658	\$146,537
Trade payable	3,964	3,846
Current portion of long-term debt	—	5,937
Total current liabilities	155,622	156,320
Long-term debt, excluding 7.75% senior notes and secured loan	1,875,127	1,985,956
7.75% senior notes	610,000	610,000
Secured loan	—	25,000
Other liabilities	55,121	79,913
Deferred income taxes	507,991	500,506
Total liabilities	3,203,861	3,357,695
Commitments and Contingencies (Note 17)		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 750,000,000 shares authorized; 254,997,925 and 222,399,019 shares issued and 232,378,371 and 198,193,819 shares outstanding at 2014 and 2013, respectively	2,549	2,223
Class B common stock, par value \$0.01 per share; 600,000,000 shares authorized; 0 and 15,424,944 shares issued and outstanding at 2014 and 2013, respectively	—	154
Class C common stock, par value \$0.01 per share; 644,871 shares authorized, issued and outstanding at 2014 and 2013	6	6
Treasury stock, at cost, 22,619,554 and 24,205,200 shares at 2014 and 2013, respectively	(231,588 )	(251,193 )
Additional paid-in-capital	1,600,963	1,603,669
Accumulated deficit	(830,350 )	(842,119 )
Total stockholders' equity	541,580	512,740
Total liabilities and stockholders' equity	\$3,745,441	\$3,870,435

See accompanying notes to the consolidated financial statements.





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## CUMULUS MEDIA INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31, 2014, 2013 and 2012

(Dollars in thousands, except for share and per share data)

	2014	2013	2012
Net revenue	\$1,263,423	\$1,026,138	\$1,002,272
Operating expenses:			
Content costs	433,596	264,871	244,082
Other direct operating expenses	470,441	403,381	378,802
Depreciation and amortization	115,275	112,511	135,575
LMA fees	7,195	3,716	3,465
Corporate expenses (including stock-based compensation expense of \$17,638, \$10,804, and \$11,894, respectively)	76,428	59,830	57,438
Gain on sale of assets or stations	(1,342)	) (3,685	) —
Gain on derivative instrument	—	(1,852	) (12
Impairment of intangible assets	—	—	125,985
Total operating expenses	1,101,593	838,772	945,335
Operating income	161,830	187,366	56,937
Non-operating (expense) income:			
Interest expense	(145,533	) (178,274	) (199,574
Interest income	1,388	1,293	946
Loss on early extinguishment of debt	—	(34,934	) (2,432
Other income (expense), net	4,338	(302	) (2,479
Total non-operating expense, net	(139,807	) (212,217	) (203,539
Income (loss) from continuing operations before income taxes	22,023	(24,851	) (146,602
Income tax (expense) benefit	(10,254	) 68,464	34,670
Income (loss) from continuing operations	11,769	43,613	(111,932
Income from discontinued operations, net of taxes	—	132,470	79,203
Net income (loss)	11,769	176,083	(32,729
Less: dividends declared and accretion of redeemable preferred stock	—	10,676	21,432
Income (loss) attributable to common shareholders	\$11,769	\$165,407	\$(54,161
Basic and diluted income (loss) per common share (see Note 15, "Earnings Per Share"):			
Basic: Income (loss) from continuing operations per share	\$0.05	\$0.15	\$(0.82
Income from discontinued operations per share	\$—	\$0.61	\$0.49
Income (loss) per share	\$0.05	\$0.76	\$(0.33
Diluted: Income (loss) from continuing operations per share	\$0.05	\$0.15	\$(0.82
Income from discontinued operations per share	\$—	\$0.60	\$0.49
Income (loss) per share	\$0.05	\$0.75	\$(0.33
Weighted average basic common shares outstanding	226,142,456	183,642,883	162,603,882
Weighted average diluted common shares outstanding	228,963,158	186,844,575	162,603,882

See accompanying notes to the consolidated financial statements.

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## CUMULUS MEDIA INC.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years Ended December 31, 2014, 2013 and 2012

(Dollars in Thousands)

	Class A Common Stock		Class B Common Stock		Class C Common Stock		Treasury Stock				
	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Par Value	Number of Shares	Value	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at January 1, 2012	160,783,484	\$1,608	12,439,667	\$124	644,871	\$6	23,697,671	\$(251,666)	\$1,526,114	\$(985,473)	\$1,214,172
Net loss										(32,729)	(32,729)
Issuance of common stock upon exercise of warrants	21,898,589	219	2,985,277	30	—	—	40,890	(77)	18	—	19,130
Dividends declared on preferred stock	—	—	—	—	—	—	—	—	(13,780)	—	(13,780)
Accretion of redeemable preferred stock	—	—	—	—	—	—	—	—	(7,654)	—	(7,654)
Shares returned in lieu of tax payments	—	—	—	—	—	—	582,599	(1,952)	—	—	(1,952)
Restricted shares issued from treasury	—	—	—	—	—	—	(161,724)	1,705	(1,705)	—	—
Stock-based compensation expense	—	—	—	—	—	—	—	—	11,894	—	11,894
Restricted share forfeitures	—	—	—	—	—	—	3,242	(11)	13	—	2
Other	—	—	—	—	—	—	—	—	(51)	—	(51)
Balance at December 31, 2012	182,682,073	\$1,827	15,424,944	\$154	644,871	\$6	24,162,678	\$(252,001)	\$1,514,849	\$(1,018,202)	\$1,399,518
Net income										176,083	176,083
Dividends declared and paid on preferred	—	—	—	—	—	—	—	—	(6,777)	—	(6,777)

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stock													
Accretion of redeemable preferred stock	—	—	—	—	—	—	—	—	(3,899)	)	—	(3)	
Conversion of equity upon exercise of warrants	20,662,856	206	—	—	—	—	108,572	(606)	)	493	—	93	
Shares returned in lieu of tax payments	—	—	—	—	—	—	102,490	(337)	)	—	—	(3)	
Restricted shares issued from treasury	—	—	—	—	—	—	(168,540)	)	1,751	(1,751)	)	—	
Stock option exercises	194,091	2	—	—	—	—	—	—	—	816	—	81	
Stock based compensation expense	—	—	—	—	—	—	—	—	—	10,804	—	10	
Other	—	—	—	—	—	—	—	—	—	(437)	)	(4)	
Costs associated with issuance of common stock	—	—	—	—	—	—	—	—	—	(4,541)	)	(4)	
Issuance of common stock	18,860,000	188	—	—	—	—	—	—	—	94,112	—	94	
Balance at December 31, 2013	222,399,020	\$2,223	15,424,944	\$154	644,871	\$6	24,205,200	\$(251,193)	\$1,603,669	\$(842,119)	)	\$3	
Net income												11,769	11
Conversion of equity upon exercise of warrants	15,920,981	159	—	—	—	—	40,923	(270)	)	224	—	11	
Shares returned in lieu of tax payments	—	—	—	—	—	—	198,871	(1,332)	)	—	—	(1)	
Restricted shares issued from treasury	—	—	—	—	—	—	(93,312)	)	956	(956)	)	—	
Stock option exercises	1,252,980	13	—	—	—	—	706,182	(4,730)	)	5,337	—	62	
Stock based compensation expense	—	—	—	—	—	—	—	—	—	17,638	—	17	
Other	—	—	—	—	—	—	—	—	—	32	—	32	
	15,424,944	154	(15,424,944)	(154)	)	—	—	—	—	—	—	—	

Stock conversion Shares issued in settlement of Citadel bankruptcy claims	—	—	—	—	—	—	(2,438,310)	24,981	(24,981)	—	—
Balance at December 31, 2014	254,997,925	\$2,549	—	\$—	644,871	\$6	22,619,554	\$(231,588)	\$1,600,963	\$(830,350)	) \$

See accompanying notes to the consolidated financial statements.

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## CUMULUS MEDIA INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2014, 2013 and 2012

(Dollars in thousands)

	2014	2013	2012
Cash flows from operating activities:			
Net income (loss)	\$ 11,769	\$ 176,083	\$(32,729 )
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	115,275	116,951	143,303
Amortization of debt issuance costs/discounts	9,493	9,919	10,130
Provision for doubtful accounts	4,302	3,349	3,694
(Gain) loss on sale of assets or stations	(1,342 )	(3,685 )	2,277
Gain on exchange of assets or stations	—	(108,158 )	(62,967 )
Impairment of intangible assets	—	—	127,141
Fair value adjustment of derivative instruments	21	(1,829 )	320
Deferred income taxes	6,902	(76,378 )	(18,227 )
Non-cash stock-based compensation expense	17,638	10,804	11,893
Loss on early extinguishment of debt	—	34,934	2,432
Changes in assets and liabilities (excluding acquisitions and dispositions):			
Accounts receivable	12,195	2,357	28,904
Trade receivable	1,964	2,330	(653 )
Prepaid expenses and other current assets	(14,750 )	1,383	(6,993 )
Other assets	(6,716 )	1,320	7,569
Accounts payable and accrued expenses	7,074	(38,937 )	(16,994 )
Trade payable	118	(1,516 )	(196 )
Other liabilities	(27,147 )	(7,786 )	(19,414 )
Net cash provided by operating activities	136,796	121,141	179,490
Cash flows from investing activities:			
Restricted cash	(3,909 )	(225 )	(2,067 )
Proceeds from sale of assets or stations	15,843	—	1,897
Capital expenditures	(19,006 )	(11,081 )	(6,607 )
Proceeds from exchange of assets or stations	—	241,519	114,918
Acquisitions less cash acquired	(8,500 )	(322,838 )	(9,998 )
Net cash (used in) provided by investing activities	(15,572 )	(92,625 )	98,143
Cash flows from financing activities:			
Repayment of borrowings under term loans and revolving credit facilities	(156,125 )	(2,111,688 )	(174,313 )
Proceeds from borrowings under term loans and revolving credit facilities	10,000	2,027,308	21,000
Tax withholding payments on behalf of employees	(1,332 )	(337 )	(1,952 )
Preferred stock dividends	—	(9,395 )	(15,017 )
Proceeds from exercise of warrants	113	93	142
Proceeds from exercise of options	620	818	—
Redemption of preferred stock	—	(150,391 )	(49,233 )
Financing costs paid in connection with issuance of common stock	—	(4,541 )	—
Proceeds from issuance of common stock	—	94,300	—
Proceeds from issuance of preferred stock	—	77,241	—
Deferred financing costs	(21 )	(7,182 )	(802 )
Net cash used in financing activities	(146,745 )	(83,774 )	(220,175 )

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(Decrease) increase in cash and cash equivalents	(25,521	) (55,258	) 57,458
Cash and cash equivalents at beginning of period	32,792	88,050	30,592
Cash and cash equivalents at end of period	\$7,271	\$32,792	\$88,050
Supplemental disclosures of cash flow information:			
Interest paid	\$135,392	\$164,893	\$192,083
Income taxes paid	9,633	7,310	6,658
Supplemental disclosures of non-cash flow information:			
Compensation held in trust	\$—	\$—	\$24,807
Trade revenue	34,876	31,147	27,732
Trade expense	36,753	31,218	26,112
Equity interest in Pulsar Media, Inc.	17,235	104	—
Preferred stock dividends	—	—	2,652
See accompanying notes to the consolidated financial statements.			

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business, Basis of Presentation and Summary of Significant Accounting Policies:

Description of Business

Cumulus Media Inc. (and its consolidated subsidiaries, except as the context may otherwise require, “Cumulus,” “Cumulus Media,” “we,” “us,” “our,” or the “Company”) is a Delaware corporation, organized in 2002, and successor by merger to an Illinois corporation with the same name that had been organized in 1997.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. Certain assets of the Company were sold during the year ended December 31, 2013 (see Note 2, “Acquisitions and Dispositions”). The results of operations associated with these assets have been separately reported, net of the related tax impact, for all periods presented in the consolidated statements of operations because the operations and cash flows generated by these assets have been eliminated from the Company’s consolidated results of operations as a result of the sale, and the Company no longer has continuing involvement in the operations of the stations associated with those assets after their disposal (see Note 3, “Discontinued Operations”).

Reclassifications

Certain account balances in the 2013 and 2012 periods have been reclassified to conform with classifications currently in use. In the accompanying consolidated statements of operations, the Company separately presents content costs and other direct operating expenses as operating expense categories. In certain of the Company's historical disclosures, those line items were presented on a combined basis within the direct operating expenses line item in the statement of operations. Content costs consist of all costs related to the licensing, acquisition and development of the Company's programming. Other direct operating expenses consist of expenses related to the distribution and monetization of the Company's content across its platform and overhead expenses. There were no other costs included in direct operating expenses in 2014, 2013 or 2012.

These reclassifications had no effect on previously reported results of operations, retained earnings or cash flows.

Reportable Segment

The Company operates in one reportable business segment, radio broadcasting, advertising and related services, for which segment disclosure is consistent with the management decision-making process that determines the allocation of resources and the measurement of performance. Below the reportable business segment, the Company has three reporting units (See Note 6, "Intangible Assets and Goodwill").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to revenue recognition, bad debts, intangible assets, income taxes, stock-based compensation, contingencies, litigation, and purchase price allocation. The Company bases its estimates on historical experience and on various assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual amounts and results may differ materially from these estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable, Allowance for Doubtful Accounts and Concentration of Credit Risk

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses in the Company’s existing accounts receivable. The Company determines the allowance based on several factors including the length of time receivables are past due, trends and current economic factors. All balances are reviewed and evaluated quarterly on a consolidated basis.



Account balances are

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charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers. In the opinion of management, credit risk with respect to accounts receivable is limited due to the large number of customers and the geographic diversification of the Company's customer base. The Company performs ongoing credit evaluations of its customers and believes that adequate allowances for any uncollectible accounts receivable are maintained.

Assets Held for Sale

During the year ended December 31, 2014, the Company entered into an agreement to sell certain land and buildings to a third party. The agreement is subject to various terms including a 60 day due diligence period. The carrying value of the identified assets have been classified as held for sale in the consolidated balance sheet at December 31, 2014. The estimated fair value of the land and buildings is in excess of the carrying value.

Property and Equipment

Property and equipment are stated at cost. Property and equipment acquired in business combinations accounted for under the purchase method of accounting are recorded at their estimated fair values on the date of acquisition.

Equipment held under capital leases is stated at the present value of minimum future lease payments.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. Equipment held under capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the remaining term of the lease. Depreciation of construction in progress is not recorded until the assets are placed into service.

Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Intangible Assets and Goodwill

The Company's intangible assets are comprised of broadcast licenses, certain other intangible assets and goodwill. Goodwill is equal to the difference between the purchase price and the value assigned to the tangible and intangible assets acquired and liabilities assumed. Intangible assets and goodwill acquired in a business combination and determined to have an indefinite useful life, which include the Company's broadcast licenses, are not amortized, but instead tested for impairment at least annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

In determining that the Company's broadcast licenses qualified as indefinite lived intangibles, management considered a variety of factors including the Federal Communications Commission's ("FCC") historical record of renewing broadcast licenses, the cost to the Company of renewing such licenses, the relative stability and predictability of the radio industry and the relatively low level of capital investment required to maintain the physical plant of a radio station. The Company evaluates the recoverability of its indefinite-lived assets, which include broadcasting licenses and goodwill, using judgments and estimates. Future events may impact these judgments and estimates. If events or changes in circumstances were to indicate that an asset's carrying value is not recoverable, a write-down of the asset would be recorded through a charge to operations.

Investments

The Company follows Accounting Standards Codification ("ASC") Topic 325-20, Cost Method Investments ("ASC 325-20") to account for its ownership interest in noncontrolled entities. Under ASC 325-20, equity securities that do not have readily determinable fair values (i.e., non-marketable equity securities) and are not required to be accounted for under the equity method are typically carried at cost (i.e., cost method investments). Investments of this nature are initially recorded at cost. Income is recorded for dividends received that are distributed from net accumulated earnings

of the noncontrolled entity subsequent to the date of investment. Dividends received in excess of earnings subsequent to the date of investment are considered a return of investment and are recorded as reductions in the cost of the investment. Investments are written down

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only when there is clear evidence that a decline in value that is other than temporary has occurred. During the year ended December 31, 2014, the Company sold one of its cost method investments for \$13.0 million, recognizing a gain on sale of \$3.2 million, which is included in other income (expense), net in the consolidated statement of operations. As of December 31, 2014 and 2013, the aggregate carrying amount of the Company's cost-method investments were \$17.3 million and \$9.9 million, respectively.

**Debt Issuance Costs**

The costs related to the issuance of debt are capitalized and amortized to interest expense over the life of the related debt using the effective interest method.

**Derivative Financial Instruments**

The Company recognizes all derivatives on the consolidated balance sheets at fair value. Fair value changes are recorded in income for any contracts not classified as qualifying hedging instruments.

**Revenue Recognition**

Revenue is derived primarily from the sale of commercial airtime to local and national advertisers. Revenue is recognized as commercials are broadcast. Revenues presented in the financial statements are reflected on a net basis, after the deduction of advertising agency fees by the advertising agencies, usually at a rate of 15.0%, which is the industry standard.

In those instances in which we function as the principal in the transaction, the revenue and associated operating costs are presented on a gross basis. In those instances where we function as an agent or sales representative, our effective commission is presented as revenue with no corresponding operating expenses.

**Advertising Costs**

Advertising costs are expensed as incurred. For the years ended December 31, 2014, 2013, and 2012, the costs incurred were \$1.9 million, \$0.9 million and \$1.1 million, respectively.

**Local Marketing Agreements**

In certain circumstances, the Company may enter into a local marketing agreement ("LMA") or time brokerage agreement with a FCC licensee of a radio station. In a typical LMA, the licensee of the station makes available, for a fee, airtime on its station to a party, which supplies programming to be broadcast on that airtime, and collects revenues from advertising aired during such programming. Revenues earned and fees incurred pursuant to LMAs or time brokerage agreements are recognized at their gross amounts in the accompanying consolidated statements of operations.

As of December 31, 2014, the Company operated 11 radio stations under LMAs. As of December 31, 2013 and 2012, the Company operated 7 and 14 radio stations under LMAs, respectively. The stations operated under LMAs contributed \$22.6 million, \$2.2 million, and \$7.0 million, in 2014, 2013, and 2012, respectively, to the consolidated net revenues of the Company.

**Stock-based Compensation Expense**

Stock-based compensation expense recognized under ASC Topic 718, Compensation — Share-Based Payment ("ASC 718"), for the years ended December 31, 2014, 2013 and 2012, was \$17.6 million, \$10.8 million, and \$11.9 million, respectively. Upon adopting ASC 718 for awards with service conditions, an election was made to recognize stock-based compensation expense on a straight-line basis over the requisite service period for the entire award. For stock options with service conditions only, the Company utilizes the Black-Scholes option pricing model to estimate the fair value of options issued. For restricted stock awards with service conditions, the Company utilizes the intrinsic value method. For restricted stock awards with performance conditions, the Company evaluates the probability of vesting of the awards in each reporting period and adjusts compensation cost based on this assessment. The fair value is based on the use of certain assumptions regarding a number of highly complex and subjective variables. If other assumptions are used, the results could differ.

**Trade Transactions**

The Company provides commercial airtime in exchange for goods and services used principally for promotional, sales and other business activities. An asset and liability is recorded at the fair value of the goods or services received.

Trade revenue is recorded and the liability is relieved when commercials are broadcast and trade expense is recorded

and the asset relieved when goods or services are consumed. Trade valuation is based upon management's estimate of the fair value of the products,

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supplies and services received. For the years ended December 31, 2014, 2013 and 2012, amounts reflected under trade transactions were: (1) trade revenues of \$34.9 million, \$31.1 million and \$27.7 million, respectively; and (2) trade expenses of \$36.8 million, \$31.2 million and \$26.1 million, respectively.

Income Taxes

The Company uses the liability method of accounting for deferred income taxes. Deferred income taxes are recognized for all temporary differences between the tax and financial reporting bases of the Company's assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A valuation allowance is recorded for a net deferred tax asset balance when it is more likely than not that the benefits of the tax asset will not be realized. The Company continues to assess the need for its deferred tax asset valuation allowance in the jurisdictions in which it operates. Any adjustment to the deferred tax asset valuation allowance is recorded in the income statement of the period that the adjustment is determined to be required. See Note 14, "Income Taxes" for further discussion.

Earnings per Share

Basic income (loss) per share is computed on the basis of the weighted average number of common shares outstanding. The Company allocates undistributed net income (loss) from continuing operations between each class of common stock on an equal basis after any allocations for preferred stock dividends in accordance with the terms of the Company's third amended and restated certificate of incorporation (the "Third Amended and Restated Charter"). Non-vested restricted shares of Class A common stock and Company Warrants (defined below) are considered participating securities for purposes of calculating basic weighted average common shares outstanding in periods in which the Company records net income. Diluted earnings per share is computed in the same manner as basic earnings per share after assuming the issuance of common stock for all potentially dilutive equivalent shares, which includes stock options and certain other outstanding warrants to purchase common stock. Antidilutive instruments are not considered in this calculation. Under the two-class method, net income is allocated to common stock and participating securities to the extent that each security may share in earnings, as if all of the earnings for the period had been distributed. Earnings are allocated to each participating security and common share equally, after deducting dividends declared or accreted on preferred stock.

Fair Values of Financial Instruments

The carrying values of cash equivalents, accounts receivables, accounts payable, and accrued expenses approximate fair value due to the short term to maturity of these instruments (See Note 10, "Fair Value Measurements").

Accounting for National Advertising Agency Contract

The Company has engaged Katz Media Group, Inc. ("Katz") as its national advertising sales agent. The Company's contract with Katz has several economic elements that principally reduce the overall expected commission rate below the stated base rate. The Company estimates the overall expected commission rate over the entire contract period and applies that rate to commissionable revenue throughout the contract period with the goal of estimating and recording a stable commission rate over the life of the contract.

The potential commission adjustments are estimated and combined in the consolidated balance sheets with the contractual termination liability. That liability is accreted to commission expense to effectuate the stable commission rate over the term of the Katz contract. Over the term of the contract with Katz, management updates its assessment of the effective commission expense attributable to national sales in an effort to record a consistent commission rate in each period.

The Company's accounting for and calculation of commission expense to be realized over the life of the Katz contract requires management to make estimates and judgments that affect reported amounts of commission expense in each period. Actual results in any period may differ from management's estimates.

Variable Interest Entities

The Company accounts for entities qualifying as variable interest entities ("VIEs") in accordance with ASC Topic 810, Consolidation ("ASC 810"). VIEs are required to be consolidated by the primary beneficiary. The primary beneficiary is the entity that holds the majority of the beneficial interests in the VIE. A VIE is an entity for which the primary beneficiary's interest in the entity can change with changes in factors other than the amount of investment in the entity.

From time to time, the Company enters into LMAs in connection with pending acquisitions or dispositions of radio stations and the requirements of ASC 810 may apply, depending on the facts and circumstances related to each transaction.

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Adoption of New Accounting Standards

ASU 2013-04. In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2013-04, which provides guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements where the total obligation is fixed at the reporting date, and for which no specific guidance currently exists. The Company adopted this guidance effective January 1, 2014. The adoption of this guidance did not have an impact on the consolidated financial statements.

ASU 2013-11. In July 2013, the FASB issued ASU 2013-11. The amendments in this ASU clarify when a liability related to an unrecognized tax benefit should be presented in the financial statements as a reduction to the related deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward. The Company adopted this guidance effective January 1, 2014. The adoption of this guidance did not have an impact on the consolidated financial statements.

Recent Accounting Standards Updates

ASU 2014-08. In April 2014, the FASB issued ASU 2014-08. Under this ASU, only disposals that represent a strategic shift that has (or will have) a major effect on the entity's results and operations would qualify as discontinued operations. This ASU (1) expands the disclosure requirements for disposals that meet the definition of a discontinued operation, (2) requires entities to disclose information about disposals of individually significant components, (3) defines "discontinued operations" similarly to how it is defined under International Financial Reporting Standards ("IFRS") 5, and (4) requires entities to expand their disclosures about discontinued operations to include more information about assets, liabilities, income and expenses. In addition, this ASU will also require entities to disclose the pre-tax income attributable to a disposal of "an individually significant component of an entity that does not qualify for discontinued operations presentation in the financial statements." The ASU is effective prospectively for all disposals (or classifications as held for sale) that occur within annual periods beginning on or after December 15, 2014 and interim periods within those years. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on the consolidated financial statements.

ASU 2014-09. In May 2014, the FASB issued ASU 2014-09. The amended guidance under this ASU outlines a single comprehensive revenue model for entities to use in accounting for revenue arising from contracts with customers. The guidance supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the single comprehensive revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." Entities have the option of using either a full retrospective or modified approach to adopt the guidance. The ASU is effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016 (early adoption is not permitted). The Company is currently assessing the expected impact, if any, that this ASU will have on the consolidated financial statements.

ASU 2014-15. In August 2014, the FASB issued ASU 2014-15. The amendments in this update provide guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The amendments in this ASU are effective for public and nonpublic entities for annual periods ending after December 15, 2016, and interim periods thereafter. Early adoption is permitted. The adoption of this guidance is not expected to have an impact on the consolidated financial statements.

ASU 2015-01. In January 2015, the FASB issued ASU 2015-01. The amendments in this ASU eliminate the concept of an extraordinary item from GAAP. As a result, an entity will no longer be required to segregate extraordinary items from the results of ordinary operations, to separately present an extraordinary item on its income statement, net of tax, after income from continuing operations or to disclose income taxes and earnings-per-share data applicable to an extraordinary item. However, the ASU will still retain the presentation and disclosure guidance for items that are unusual in nature and occur infrequently. The ASU will be effective for fiscal years beginning December 1, 2016 and subsequent interim periods. Early adoption is permitted. The adoption of this guidance is not expected to have an



impact on the consolidated financial statements.

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## 2. Acquisitions and Dispositions

## 2014 Acquisitions and Dispositions

## Country Weekly Acquisition

On November 7, 2014, the Company completed the purchase of Country Weekly magazine and its related business ("Country Weekly") for \$3.0 million in cash (the "Country Weekly Acquisition"). The Company had previously included NASH branded inserts into the Country Weekly publication.

## Wise Brothers Acquisition

On August 1, 2014, the Company completed the purchase of Wise Brother Media, Inc. for \$5.5 million in cash (the "Wise Brothers Acquisition"). Revenues attributable to the assets acquired in the Wise Brothers Acquisition were not material to the Company's consolidated statement of operations for the year ended December 31, 2014.

The table below summarizes the preliminary purchase price allocation in the Wise Brothers Acquisition (dollars in thousands):

Allocation	Amount
Property and equipment (see Note 5)	\$ 50
Deferred income taxes	100
Other intangibles	5,025
Goodwill	475
Current liabilities	(75 )
Other liabilities	(75 )
Total purchase price	\$ 5,500

The definite-lived intangible assets acquired in the Wise Brothers Acquisition are being amortized in relation to the expected economic benefits of such assets over their estimated useful lives and consist of the following (dollars in thousands):

Description	Estimated Useful Life in Years	Fair Value
Other intangibles - Programming content	4	\$5,025

## 2013 Acquisitions and Dispositions

## Green Bay Purchase

On December 31, 2013, the Company completed the purchase of five radio stations in Green Bay, Wisconsin from Clear Channel for \$17.6 million in cash (the "Green Bay Purchase"). The Company had been operating the stations under an LMA agreement with Clear Channel since April 10, 2009.

Revenues attributable to the stations acquired in the Green Bay Purchase were not material to the Company's consolidated statements of operations for the year ended December 31, 2013.

The table below summarizes the purchase price allocation in the Green Bay Purchase (dollars in thousands):

Allocation	Amount
Property and equipment (see Note 5)	\$1,111
Broadcast licenses	4,354
Goodwill	2,637
Fair value of exercised put option (See Note 8 "Green Bay Option")	9,534
Total purchase price	\$17,636

The material assumptions utilized in the valuation of intangible assets acquired include expected overall future market revenue growth rates for the residual year of approximately 2.5% and a weighted average cost of capital of 10.0%.

Goodwill is

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equal to the difference between the purchase price and the value assigned to the tangible and intangible assets acquired and liabilities assumed. All of the acquired goodwill balance is deductible for tax purposes.

During the year ended December 31, 2014, the Company recorded a \$2.6 million purchase accounting adjustment to reflect the Company's final determination of the fair value of broadcast licenses upon acquisition.

**WestwoodOne Acquisition**

On December 12, 2013, Cumulus completed the acquisition of WestwoodOne, Inc. (formerly known as Dial Global, Inc., "WestwoodOne"), an independent, full-service radio network company offering news, sports, formats, prep services, talk and music programming, jingles and imaging, and special events, as well as national advertising sales representation (the "WestwoodOne Acquisition"). The WestwoodOne Acquisition added sports, news, talk, music and programming services content – enabling the Company to provide an even broader array of programming content to approximately 10,000 U.S. radio stations, other media platforms and international platforms. Content acquired through the WestwoodOne Acquisition included NFL, NCAA, NASCAR, Olympics, AP Radio News, NBC News and other popular programming.

In connection with the WestwoodOne Acquisition, all of the issued and outstanding shares of capital stock of WestwoodOne were automatically canceled and converted into the right to receive an aggregate of approximately \$45.0 million in cash, and WestwoodOne repaid all of its outstanding indebtedness. The payment of the purchase price to complete the WestwoodOne Acquisition (including the cash used to repay approximately \$215.0 million of WestwoodOne's outstanding indebtedness) was funded from cash on hand, which included \$235.0 million in cash proceeds from the Townsquare Transaction (defined below). As a result of the WestwoodOne Acquisition, WestwoodOne became a wholly owned indirect subsidiary of the Company.

Revenues of \$10.0 million attributable to WestwoodOne were included in the Company's consolidated statement of operations for the year ended December 31, 2013.

Net income attributable to WestwoodOne has not been presented due to the impracticability of obtaining detailed data for the year ended December 31, 2013.

The table below summarizes the purchase price allocation in the WestwoodOne Acquisition (dollars in thousands):

Allocation	Amount
Current assets	\$ 94,121
Property and equipment (see Note 5)	23,714
Other intangibles	150,900
Goodwill	102,193
Other assets	4,946
Current liabilities	(67,095 )
Other liabilities	(48,779 )
Total purchase price	\$ 260,000

The material assumptions utilized in the valuation of intangible assets acquired include expected overall future market revenue growth rates for the residual year of approximately 2.0% and a weighted average cost of capital of 10%.

Goodwill is equal to the difference between the purchase price and the value assigned to the tangible and intangible assets acquired and liabilities assumed. The Company treated the acquisition as a taxable asset acquisition pursuant to Internal Revenue Code Section 338(g). As such, all of the acquired goodwill balance is deductible for income tax purposes.

During the year ended December 31, 2014, the Company recorded \$2.5 million in purchase accounting adjustments to reflect the Company's final determination of the fair value of current assets and liabilities upon acquisition.

The definite-lived intangible assets acquired in the WestwoodOne Acquisition are being amortized in relation to the expected economic benefits of such assets over their estimated useful lives and consist of the following (dollars in thousands):

Description	Estimated Useful Life in Years	Fair Value
Other intangibles - Affiliate relationships	9	\$ 150,900



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## Townsquare Transaction

On November 14, 2013, the Company completed the sale to Townsquare Media, LLC (“Townsquare”) of 53 radio stations in 12 small and mid-sized markets for \$235.0 million in cash and the swap with Townsquare of 15 radio stations in two small and mid-sized markets in exchange for five radio stations in Fresno, California (together, the “Townsquare Transaction”). The Company used the cash proceeds from the Townsquare Transaction to fund a portion of the purchase price payable to complete the WestwoodOne Acquisition.

Revenues attributable to the assets acquired in the Townsquare Transaction were not material to the Company’s consolidated statements of operations for the year ended December 31, 2013.

The table below summarizes the purchase price allocation in the Townsquare Transaction (dollars in thousands):

Allocation	Amount	
Current assets	\$1,860	
Property and equipment (see Note 5)	6,345	
Broadcast licenses	13,500	
Goodwill	9,862	
Other assets	246	
Other intangibles	552	
Current liabilities	(182	)
Total purchase price	32,183	
Less: Carrying value of stations transferred	(159,053	)
Add: Cash received	235,028	
Gain on asset exchange	\$108,158	

The material assumptions utilized in the valuation of intangible assets acquired and liabilities assumed included overall future market revenue growth rates for the residual year of approximately 2.0% and a weighted average cost of capital of 10%. Goodwill is equal to the difference between the purchase price and the value assigned to the tangible and intangible assets acquired and liabilities assumed. All of the acquired goodwill balance is deductible for tax purposes.

In the first quarter of 2014, the Company recorded a \$3.6 million purchase accounting adjustment to reflect the Company's final determination of the fair value of broadcast licenses upon acquisition based on the completion of the valuation by the Company's hired expert.

The definite-lived intangible assets acquired in the Townsquare Transaction are being amortized in relation to the expected economic benefits of such assets over their estimated useful lives and consist of the following (dollars in thousands):

Description	Estimated Useful Life in Years	Fair Value
Other intangibles - Advertising relationships	5	\$552

## WFME Asset Exchange

On January 8, 2013, the Company completed its previously announced asset exchange (the “WFME Asset Exchange”) with Family Stations, Inc., pursuant to which it exchanged its WDVY station in New York plus \$40.0 million in cash for Family Stations’ WFME station in Newark, New Jersey. This asset exchange provided Cumulus with a radio station in the United States’ largest media market, for the national NASH entertainment brand based on the country music lifestyle. The total purchase price is subject to an increase of up to \$10.0 million if certain future conditions are met as detailed in the purchase agreement.

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The table below summarizes the purchase price allocation in the WFME Asset Exchange (dollars in thousands):

Allocation	Amount	
Other assets	\$1,460	
Goodwill	11,461	
Broadcast license	27,100	
Property and equipment (see Note 5)	62	
Total purchase price	40,083	
Less: Cash consideration	(40,000	)
Less: Carrying value of station transferred	(52	)
Less: Contingent consideration	(31	)
Gain on asset exchange	\$—	

The material assumptions utilized in the valuation of intangible assets acquired included overall future market revenue growth rates for the residual year of approximately 2.0% and a weighted average cost of capital of 10.0%. Goodwill is equal to the difference between the purchase price and the value assigned to the tangible and intangible assets acquired and liabilities assumed. All of the acquired goodwill balance is deductible for tax purposes.

Pamal Broadcasting Asset Purchase

On January 17, 2013, the Company completed the acquisition of WMEZ-FM and WXBM-FM from Pamal Broadcasting Ltd. for a purchase price of \$6.5 million (the "Pamal Broadcasting Asset Purchase"). The transaction was part of the Company's ongoing efforts to focus on radio stations in larger markets and geographically strategic regional clusters.

Revenues attributable to the assets acquired in the Pamal Broadcasting Asset Purchase were not material to the Company's consolidated statements of operations for the year ended December 31, 2013.

The table below summarizes the purchase price allocation in the Pamal Broadcasting Asset Purchase (dollars in thousands):

Allocation	Amount
Property and equipment (see Note 5)	\$783
Broadcast licenses	5,700
Total purchase price	\$6,483

Pro Forma Financial Information

The following pro forma financial information assumes the WestwoodOne Acquisition and the Townsquare Transaction occurred as of January 1, 2012. This pro forma financial information has been prepared based on estimates and assumptions, which management believes are reasonable, and is not necessarily indicative of the consolidated financial position or results of operations that Cumulus would have achieved had either the WestwoodOne Acquisition or the Townsquare Transaction actually occurred on January 1, 2012, or on any other historical date, nor is it reflective of the Company's expected actual financial position or results of operations for any future period (dollars in thousands):

	Unaudited Supplemental Pro Forma Data	
	Year Ended December 31,	
Description	2013	2012
Net revenue	\$1,245,715	\$1,263,188
Net income (loss)	68,110	(164,781 )

The pro forma financial information set forth above for the years ended December 31, 2013 and 2012 includes adjustments to reflect: (i) depreciation and amortization expense based on the fair value of long-lived assets acquired in the WestwoodOne Acquisition and the Townsquare Transaction; (ii) the elimination of interest expense and the loss on extinguishment of debt in connection with the WestwoodOne Acquisition, as all of WestwoodOne's outstanding indebtedness



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(including preferred stock) was repaid in connection therewith and (iii) certain other pro forma adjustments that would be required to be made to prepare pro forma financial information under ASC Topic 805, Business Combinations. Pro forma financial information for the Country Weekly Acquisition, Wise Brothers Acquisition, Green Bay Purchase, WFME Asset Exchange, and Pamal Broadcasting Asset Purchase is not required, as such information is not material to the Company's financial statements.

### 3. Discontinued Operations

On November 14, 2013 and July 31, 2012, the Company completed the Townsquare Transaction and the sale of 55 stations in eleven non-strategic markets to Townsquare (the "Townsquare Asset Exchange") in exchange for ten of Townsquare's radio stations in Bloomington, IL and Peoria, IL, plus approximately \$114.9 million in cash, respectively. The results of operations associated with the stations disposed of in those transactions have been separately reported within discontinued operations, net of the related tax impact, in the accompanying consolidated statements of operations for all periods presented.

#### Components of Results of Discontinued Operations

For the years ended December 31, 2014, 2013 and 2012, income from discontinued operations was as follows (dollars in thousands):

	2014	2013	2012
Discontinued operations:			
Net revenues	\$—	\$61,492	\$98,165
Operating income	—	24,314	36,095
Gain on asset exchange and other income	—	108,156	62,963
Income from discontinued operations before taxes	—	132,470	99,058
Income tax expense	—	—	(19,855)
Income from discontinued operations, net of taxes	\$—	\$132,470	\$79,203

In conjunction with the Townsquare Transaction, the Company recorded a gain of \$108.2 million, which is included within discontinued operations, net of taxes in the accompanying consolidated statement of operations for the year ended December 31, 2013. In conjunction with the Townsquare Asset Exchange, the Company recorded a gain of \$63.2 million, which is included within discontinued operations, net of taxes in the accompanying consolidated statement of operations for the year ended December 31, 2012.

### 4. Restricted Cash

As of December 31, 2014 and 2013, the Company's balance sheets included approximately \$10.1 million and \$6.1 million in restricted cash, respectively, of which \$0.6 million and \$1.7 million, respectively, relates to securing the maximum exposure generated by automated clearinghouse transactions in the Company's operating bank accounts and as dictated by the Company's bank's internal policies with respect to cash. At December 31, 2014, the Company held \$9.5 million relating to collateralizing standby letters of credit pertaining to certain leases and insurance policies. At December 31, 2013, the Company held \$4.4 million related to a cash reserve from the Company's previously completed acquisition of WestwoodOne.



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## 5. Property and Equipment

Property and equipment consists of the following as of December 31, 2014 and 2013 (dollars in thousands):

	Estimated Useful Life	2014	2013
Land		\$93,723	\$105,876
Broadcasting and other equipment	3 to 30 years	231,371	219,346
Computer and capitalized software costs	1 to 3 years	22,925	22,750
Furniture and fixtures	5 years	12,690	12,401
Leasehold improvements	5 years	31,099	30,521
Buildings	9 to 20 years	45,873	49,804
Construction in progress		4,554	917
		442,235	441,615
Less: accumulated depreciation		(220,738 )	(186,913 )
		\$221,497	\$254,702

Depreciation expense for the years ended December 31, 2014, 2013 and 2012 was \$35.3 million, \$29.0 million and \$31.1 million, respectively.

## 6. Intangible Assets and Goodwill

The following table presents the changes in intangible assets, other than goodwill, for the years ended December 31, 2014 and 2013 (dollars in thousands):

	Indefinite-Lived	Definite-Lived	Total
Intangible Assets:			
Balance as of January 1, 2013	\$1,602,373	\$258,303	\$1,860,676
Acquisitions	61,730	152,522	214,252
Dispositions	(67,766 )	(8,627 )	(76,393 )
Amortization	—	(86,708 )	(86,708 )
Balance as of December 31, 2013	\$1,596,337	\$315,490	\$1,911,827
Balance as of January 1, 2014	\$1,596,337	\$315,490	\$1,911,827
Purchase price allocation adjustments	963	—	963
Acquisitions	—	8,205	8,205
Dispositions	(585 )	(74 )	(659 )
Amortization	—	(79,981 )	(79,981 )
Balance as of December 31, 2014	\$1,596,715	\$243,640	\$1,840,355

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The following table presents the changes in goodwill and accumulated impairment losses for the years ended December 31, 2014 and 2013 (dollars in thousands):

	2014	2013
Balance as of January 1:		
Goodwill	\$1,586,482	\$1,525,335
Accumulated impairment losses	(329,741)	(329,741)
Subtotal	1,256,741	1,195,594
Acquisitions	886	130,057
Finalization of purchase accounting for acquisitions	(3,188)	(1,889)
Dispositions	(616)	(67,021)
Balance as of December 31:		
Goodwill	1,583,564	1,586,482
Accumulated impairment losses	(329,741)	(329,741)
Total	\$1,253,823	\$1,256,741

The Company has significant intangible assets recorded comprised primarily of broadcast licenses and goodwill acquired through acquisitions. The Company performs its annual impairment testing of broadcast licenses and goodwill during the fourth quarter and on an interim basis if events or circumstances indicate that broadcast licenses or goodwill may be impaired. The calculation of the fair value of each reporting unit is prepared using an income approach and discounted cash flow methodology. If the carrying value exceeds the estimate of fair value, the Company calculates impairment as the excess of the carrying value of goodwill over its estimated fair value and charges the impairment to results of operations in the period in which the impairment occurred. The Company reviews the carrying value of its definite-lived intangible assets for recoverability whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. There were no asset impairment charges during the years ended December 31, 2014 or 2013.

Total amortization expense related to the Company's intangible assets was \$80.0 million, \$86.7 million and \$112.2 million for the years ended December 31, 2014, 2013, and 2012, respectively. As of December 31, 2014, estimated future amortization expense related to intangible assets subject to amortization was as follows (dollars in thousands):

2015	\$69,110
2016	56,315
2017	33,704
2018	18,400
2019	17,456
Thereafter	48,655
Total other intangibles, net	\$243,640
Goodwill	

2014 Impairment Testing

The Company performs its annual impairment testing of goodwill during the fourth quarter and on an interim basis if events or circumstances indicate that goodwill may be impaired. The calculation of the fair value of each reporting unit is prepared using an income approach and discounted cash flow methodology.

The Company has three reporting units for goodwill impairment purposes which align with Company's operational structure of three distinct verticals used to effectively manage the operations of the business. The Company's top 50 Nielsen Audio rated markets and WestwoodOne comprise one reporting unit, the second reporting unit consists of all of the Company's other radio markets while the third reporting unit, in which there is no goodwill, consists of all non-radio lines of business.

During the fourth quarter of 2014, the Company performed its annual impairment test. The assumptions used in estimating the fair values of reporting units are based on currently available data at the time the test is conducted and management's best estimates and accordingly, a change in market conditions or other factors could have a material effect on the estimated values.



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Step 1 Goodwill Test

The Company performed its annual impairment testing of goodwill using a discounted cash flow analysis, an income approach. The discounted cash flow approach requires the projection of future cash flows and the calculation of these cash flows into their present value equivalent via a discount rate. The Company used an approximate five-year projection period to derive operating cash flow projections from a market participant view. The Company made certain assumptions regarding future revenue growth based on industry market data and historical and expected performance. The Company then projected future operating expenses in order to derive expected operating profits, which the Company combined with expected working capital additions and capital expenditures to determine expected operating cash flows.

The Company performed the Step 1 test and compared the fair value of each reporting unit to the carrying value of its net assets as of December 31, 2014. This test was used to determine if any of the Company's reporting units had an indicator of impairment (i.e. the market net asset carrying value was greater than the calculated fair value of the reporting unit).

The discount rate employed in the fair value calculations in the Step 1 test in the Company's markets was 8.0%. The Company believes this discount rate was appropriate and reasonable for estimating the fair value of the reporting units.

For periods after 2014, the Company projected annual revenue growth based on industry data and historical and expected performance. The Company projected expense growth based primarily on the stations' historical financial performance and expected growth. The Company's projections were based on then-current market and economic conditions and the Company's historical knowledge of the reporting units.

To validate the Company's conclusions and determine the reasonableness of the Company's assumptions, the Company conducted an overall check of the Company's fair value calculations by comparing the implied fair value of the Company's reporting units, in the aggregate, to the Company's market capitalization as of December 31, 2014. As compared with the market capitalization value of \$3.5 billion as of December 31, 2014, the aggregate fair value of all reporting units of approximately \$3.6 billion was approximately \$0.1 billion, or 2.9%, higher than the market capitalization.

Key data points included in the market capitalization calculation were as follows:

- shares outstanding, including certain warrants, of 236.3 million as of December 31, 2014;
- closing price of the Company's Class A common stock on December 31, 2014, of \$4.23 per share; and
- total debt of \$2.5 billion on December 31, 2014.

Step 2 Goodwill Test

The Company's analysis determined that, based on its Step 1 goodwill test, the fair value of its reporting units containing goodwill balances exceeded their carrying value at December 31, 2014. As a result, the Company was not required to perform a Step 2 test.

Indefinite Lived Intangibles (FCC Licenses)

The Company performs its annual impairment testing of indefinite-lived intangibles (the Company's FCC licenses) during the fourth quarter of each year and on an interim basis if events or circumstances indicate that the asset may be impaired. The Company has combined all of the Company's broadcast licenses within a single geographic market cluster into a single unit of accounting for impairment testing purposes. As part of the overall planning associated with the indefinite-lived intangibles test, the Company determined that the Company's geographic markets are the appropriate unit of accounting for the broadcast license impairment testing.

For the annual impairment test of the Company's FCC licenses, including both AM and FM licenses, the Company utilized the income approach, specifically the Greenfield Method. This approach values the license by calculating the value of a hypothetical start-up company that goes into business with no assets except the asset to be valued (the license). The value of the asset under consideration can be considered as equal to the value of this hypothetical start-up company. In completing the appraisals, the Company conducted a thorough review of all aspects of the assets being valued.

The income approach measures value based on income generated by the subject property, which is then analyzed and projected over a specified time and capitalized at an appropriate market rate to arrive at the estimated value. The Greenfield Method isolates cash flows attributable to the subject asset using a hypothetical start-up approach.

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The estimated fair values of the Company's FCC licenses represent the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the Company and willing market participants at the measurement date. The estimated fair value also assumes the highest and best use of the asset by market participants, considering the use of the asset that is physically possible, legally permissible and financially feasible.

A basic assumption in the Company's valuation of these FCC licenses was that these radio stations were new radio stations, signing on-the-air as of the date of the valuation. The Company assumed the competitive situation that existed in those markets as of that date, except that these stations were just beginning operations. In doing so, the Company bifurcated the value of going concern and any other assets acquired, and strictly valued the FCC licenses. In estimating the value of the licenses using a discounted cash flow analysis, the Company began with market revenue projections. Next, the Company estimated the percentage of the market's total revenue, or market share, that market participants could reasonably expect an average start-up station to attain, as well as the duration (in years) required to reach the average market share. The estimated average market share was computed based on market share data, by type (i.e., AM and FM).

After market revenue and market shares have been estimated, operating expenses, including depreciation based on assumed investments in fixed assets and future capital expenditures, of a start-up station or operation are similarly estimated based on industry-average cost data. Appropriate estimated income taxes are then subtracted, estimated depreciation added back, estimated capital expenditures subtracted, and estimated working capital adjustments are made to calculate estimated free cash flow during the build-up period until a steady state or mature "normalized" operation is achieved.

The Company discounted the net free cash flows using an after-tax weighted average cost of capital of 8.0%, and then calculated the total discounted net free cash flows. For net free cash flows beyond the projection period, the Company estimated a perpetuity value, and then discounted the amounts to present values.

In order to estimate what listening audience share would be expected for each station by market, the Company analyzed the average local commercial share garnered by similar AM and FM stations competing in those radio markets. The Company made any appropriate adjustments to the listening share and revenue share based on the stations' signal coverage within the market and the surrounding area population as compared to the other stations in the market. Based on the Company's knowledge of the industry and familiarity with similar markets, the Company determined that approximately three years would be required for the stations to reach maturity. The Company also incorporated the following additional assumptions into the discounted cash flow valuation model:

- the projected operating revenues and expenses through 2019;
- the estimation of initial and on-going capital expenditures (based on market size);
- depreciation on initial and on-going capital expenditures (the Company calculated depreciation using accelerated double declining balance guidelines over five years for the value of the tangible assets necessary for a radio station to go on-the-air);
- the estimation of working capital requirements (based on working capital requirements for comparable companies);
- the calculations of yearly net free cash flows to invested capital; and
- amortization of the intangible asset — the FCC license.

As a result of the annual impairment test conducted in the fourth quarter of 2014, the Company determined that no impairment existed for the FCC licenses.

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## 7. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of December 31, 2014 and 2013 (dollars in thousands):

	December 31, 2014	December 31, 2013
Accrued third party content costs	\$46,142	\$58,441
Accounts payable	29,212	12,686
Accrued employee costs	23,244	20,374
Accrued other	15,947	19,178
Accrued interest	8,114	10,092
Accrued income taxes	7,605	4,749
Advance deposit received	6,000	—
Accrued retention and severance costs	4,930	3,021
Accrued licensing and broadcast fees	4,129	4,653
Accrued sponsor fees	2,199	2,212
Accrued real estate taxes	2,194	2,636
Accrued professional fees	1,942	6,229
Non-cash contract termination liability	—	2,266
Total accounts payable and accrued expenses	\$151,658	\$146,537

## 8. Derivative Financial Instruments

The Company's derivative financial instruments consist of the following:

## Interest Rate Cap

On December 8, 2011, the Company entered into an interest rate cap agreement with JPMorgan Chase Bank, N.A. ("JPMorgan"), to limit the Company's exposure to interest rate risk on its variable rate debt. The interest rate cap has an aggregate notional amount of \$71.3 million. The agreement caps the LIBOR-based variable interest rate component of the Company's long-term debt at a maximum of 3.0% on an equivalent amount of the Company's term loans. The consolidated balance sheets as of December 31, 2014 and 2013 include long-term assets of less than \$0.1 million and attributable to the fair value of the interest rate cap. The Company reported interest expense of less than \$0.1 million, \$0.1 million and \$0.3 million during the years ended December 31, 2014, 2013 and 2012, respectively, attributed to the change in fair value adjustment. The interest rate cap matures on December 8, 2015.

The Company does not utilize financial instruments for trading or other speculative purposes.

## Green Bay Option

On April 10, 2009, Clear Channel and the Company entered into an LMA pursuant to which the Company was responsible for operating (i.e., programming, advertising, etc.) five radio stations in Green Bay, Wisconsin, for a monthly fee payable to Clear Channel of approximately \$0.2 million, in exchange for the Company retaining the operating profits for managing the radio stations. In 2013, Clear Channel exercised the put option contained in this LMA, which required the Company to purchase the five Green Bay radio stations subject to the LMA for \$17.6 million (the fair value of those radio stations at the time of execution of the LMA) ("the Green Bay Option"). On December 31, 2013, the Company completed the Green Bay Purchase (See Note 2, "Acquisitions and Dispositions"). The Company accounted for the Green Bay Option as a derivative contract. Accordingly, the fair value of the Green Bay Option was recorded as a liability with subsequent changes in the fair value recorded through earnings through the closing of the acquisition. The fair value of the Green Bay Option was determined using inputs that were supported by little or no market activity (a "Level 3" measurement). The fair value represented an estimate of the amount that the Company would have been required to pay if the option were transferred to another party as of the date of the valuation.

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The location and fair value amounts of derivatives in the consolidated balance sheets are shown in the following table (dollars in thousands):

Derivative Instrument	Balance Sheet Location	Fair Value	
		December 31, 2014	December 31, 2013
Derivatives not designated as hedging instruments:			
Interest rate cap	Other assets	\$—	\$22
	Total	\$—	\$22

The location and effect of derivatives in the consolidated statements of operations are shown in the following table (dollars in thousands):

Derivative Instrument	Statement of Operations Location	Amount of Expense (Income) Recognized on Derivatives For the Year Ended	
		December 31, 2014	December 31, 2013
Interest rate cap	Interest expense	\$21	\$23
Green Bay Option	Gain on derivative instrument	—	(1,852 )
	Total	\$21	\$(1,829 )

## 9. Long-Term Debt

The Company's long-term debt consists of the following at December 31, 2014 and 2013 (dollars in thousands):

	December 31, 2014	December 31, 2013
Term loans and securitization facility:		
First lien term loan	\$1,903,875	\$2,025,000
Securitization facility	—	25,000
Less: Term loan discount	(28,748 )	(33,107 )
Total term loans and securitization facility	1,875,127	2,016,893
7.75% Senior Notes	610,000	610,000
Less: Current portion of long-term debt	—	(5,937 )
Long-term debt, net	\$2,485,127	\$2,620,956

A summary of the future maturities of long-term debt follows, exclusive of the discount of debt (dollars in thousands):

2015	\$—
2016	—
2017	—
2018	—
2019	610,000
Thereafter	1,903,875
	\$2,513,875

## Amended and Restated Credit Agreement

On December 23, 2013, the Company entered into an Amended and Restated Credit Agreement (the "Credit Agreement"), among the Company, Cumulus Media Holdings Inc., a direct wholly-owned subsidiary of the Company ("Cumulus Holdings"), as borrower, and certain lenders and agents. The Credit Agreement consists of a \$2.025 billion term loan (the "Term Loan") maturing in December 2020 and a \$200.0 million revolving credit facility (the "Revolving Credit





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Facility”) maturing in December 2018. Under the Revolving Credit Facility, up to \$30.0 million of availability may be drawn in the form of letters of credit.

Term Loan borrowings and borrowings under the Revolving Credit Facility bear interest, at the option of Cumulus Holdings, based on the Base Rate (as defined below) or the London Interbank Offered Rate (“LIBOR”), in each case plus 3.25% on LIBOR-based borrowings and 2.25% on Base Rate-based borrowings. LIBOR-based borrowings are subject to a LIBOR floor of 1.0% under the Term Loan. Base Rate-based borrowings are subject to a Base Rate Floor of 2.0% under the Term Loan. Base Rate is defined, for any day, as the fluctuating rate per annum equal to the highest of the (i) Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus 1/2 of 1.0%, (ii) prime commercial lending rate of JPMorgan Chase Bank, N.A., as established from time to time, and (iii) 30 day LIBOR plus 1.0%. Amounts outstanding under the Term Loan amortize at a rate of 1.0% per annum of the original principal amount of the Term Loan, payable quarterly, commencing March 31, 2014, with the balance payable on the maturity date.

At December 31, 2014, the Term Loan bore interest at 4.25% per annum.

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

In the event amounts are outstanding under the Revolving Credit Facility or any letters of credit are outstanding that have not been collateralized by cash, the Credit Agreement requires compliance with a consolidated first lien net leverage ratio covenant as of the end of each quarter. The required ratio at December 31, 2014 and 2013 was 5.75 to 1. The ratio periodically decreases until it reaches to 4.0 to 1 on March 31, 2018. As of December 31, 2014, the Company was in compliance with all of its covenants under the Credit Agreement.

Certain mandatory prepayments on the Term Loan are required upon the occurrence of specified events, including upon the incurrence of certain additional indebtedness, upon the sale of certain assets and upon the occurrence of certain condemnation or casualty events, and from excess cash flow.

The Company’s, Cumulus Holdings’ and their respective restricted subsidiaries’ obligations under the Credit Agreement are collateralized by a first priority lien on substantially all of the Company’s, Cumulus Holdings’ and their respective restricted subsidiaries’ assets (excluding the Company’s accounts receivable collateralizing the Company’s revolving accounts receivable securitization facility (the “Securitization Facility”) with General Electric Capital Corporation (“GE”) as described below) in which a security interest may lawfully be granted, including, without limitation, intellectual property and substantially all of the capital stock of the Company’s direct and indirect domestic wholly-owned subsidiaries and 66% of the capital stock of any future first-tier foreign subsidiaries. In addition, Cumulus Holdings’ obligations under the Credit Agreement are guaranteed by the Company and substantially all of its restricted subsidiaries, other than Cumulus Holdings.

At December 31, 2014, the Company had \$1.904 million outstanding under the Term Loan and no amounts outstanding under the Revolving Credit Facility.

**7.75% Senior Notes**

On May 13, 2011, the Company issued \$610.0 million aggregate principal amount of 7.75% Senior Notes due 2019 (the “7.75% Senior Notes”). Proceeds from the sale of the 7.75% Senior Notes were used to, among other things, repay the \$575.8 million outstanding under the term loan facility under the Company’s prior credit agreement.

On September 16, 2011, the Company and Cumulus Holdings entered into a supplemental indenture with the trustee under the indenture governing the 7.75% Senior Notes which provided for, among other things, the (i) assumption by Cumulus Holdings of all obligations of the Company; (ii) substitution of Cumulus Holdings for the Company as issuer; (iii) release of the Company from all obligations as original issuer; and (iv) Company's guarantee of all of Cumulus Holdings' obligations, in each case under the indenture and the 7.75% Senior Notes.

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Interest on the 7.75% Senior Notes is payable on May 1 and November 1 of each year. The 7.75% Senior Notes mature on May 1, 2019.

Cumulus Holdings, as issuer of the 7.75% Senior Notes, may redeem all or part of the 7.75% Senior Notes at any time on or after May 1, 2015. At any time prior to May 1, 2014, Cumulus Holdings may also redeem up to 35.0% of the 7.75% Senior Notes using the proceeds from certain equity offerings. At any time prior to May 1, 2015, Cumulus Holdings may redeem some or all of the 7.75% Senior Notes at a price equal to 100% of the principal amount, plus a “make-whole” premium. If Cumulus Holdings sells certain assets or experiences specific kinds of changes in control, it will be required to make an offer to purchase the 7.75% Senior Notes.

The indenture governing the 7.75% Senior Notes contains representations, covenants and events of default customary for financing transactions of this nature. At December 31, 2014, the Company was in compliance with all required covenants under the indenture governing the 7.75% Senior Notes.

In connection with the substitution of Cumulus Holdings as the issuer of the 7.75% Senior Notes, the Company has also guaranteed the 7.75% Senior Notes. In addition, each existing and future domestic restricted subsidiary that guarantees the Company’s indebtedness, Cumulus Holdings’ indebtedness or indebtedness of the Company’s subsidiary guarantors (other than the Company’s subsidiaries that hold the licenses for the Company’s radio stations) guarantees, and will guarantee, the 7.75% Senior Notes. The 7.75% Senior Notes are senior unsecured obligations of Cumulus Holdings and rank equally in right of payment to all existing and future senior unsecured debt of Cumulus Holdings and senior in right of payment to all future subordinated debt of Cumulus Holdings. The 7.75% Senior Notes guarantees are the Company’s and the other guarantors’ senior unsecured obligations and rank equally in right of payment to all of the Company’s and the other guarantors’ existing and future senior debt and senior in right of payment to all of the Company’s and the other guarantors’ future subordinated debt. The 7.75% Senior Notes and the guarantees are effectively subordinated to any of Cumulus Holdings’, the Company’s or the guarantors’ existing and future secured debt to the extent of the value of the assets securing such debt. In addition, the 7.75% Senior Notes and the guarantees are structurally subordinated to all indebtedness and other liabilities, including preferred stock, of the Company’s non-guarantor subsidiaries, including all of the liabilities of the Company’s and the guarantors’ foreign subsidiaries and the Company’s subsidiaries that hold the licenses for the Company’s radio stations.

For the year ended December 31, 2014, the Company recorded an aggregate of \$9.5 million of amortization of debt discount and debt issuance costs related to its Term Loan, Securitization Facility and 7.75% Senior Notes. For the year ended December 31, 2013, the Company recorded an aggregate of \$9.9 million of amortization of debt discount and debt issuance costs related to its first lien and second lien credit facilities and 7.75% Senior Notes.

**Accounts Receivable Securitization Facility**

On December 6, 2013, the Company entered into a 5-year, \$50.0 million Securitization Facility with GE, as a lender, as a swingline lender and as an administrative agent (together with any other lenders party thereto from time to time, the “Lenders”).

In connection with the entry into the Securitization Facility, pursuant to a Receivables Sale and Servicing Agreement, dated as of December 6, 2013 (the “Sale Agreement”), certain subsidiaries of the Company (collectively, the “Originators”) may sell and/or contribute their existing and future accounts receivable (representing all of the Company’s accounts receivable) to a special purpose entity and wholly owned subsidiary of the Company (the “SPV”). The SPV may thereafter make borrowings from the Lenders, which borrowings will be secured by those receivables, pursuant to a Receivables Funding and Administration Agreement, dated as of December 6, 2013 (the “Funding Agreement”). Cumulus Holdings services the accounts receivable on behalf of the SPV.

Advances available under the Funding Agreement at any time are subject to a borrowing base determined based on advance rates relating to the value of the eligible receivables held by the SPV at that time. The Securitization Facility matures on December 6, 2018, subject to earlier termination at the election of the SPV. Advances bear interest based on either LIBOR plus 2.50% or the Index Rate (as defined in the Funding Agreement) plus 1.00%. The SPV is also required to pay a monthly fee based on any unused portion of the Securitization Facility. The Securitization Facility contains representations and warranties, affirmative and negative covenants, and events of default that are customary for financings of this type. As of December 31, 2014, the Company was in compliance with all required covenants

under the Securitization Facility.

During the year ended December 31, 2013, the Company capitalized \$0.9 million of deferred financing costs related to the Securitization Facility. At December 31, 2014, there were no amounts outstanding under the Securitization Facility.

10. Fair Value Measurements

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The three levels of the fair value hierarchy to be applied to financial instruments when determining fair value are described below:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access;

Level 2 — Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities; and

Level 3 — Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company's financial assets and liabilities are measured at fair value on a recurring basis and non-financial assets and liabilities are measured at fair value on a non-recurring basis. Fair values as of December 31, 2014 and 2013 were as follows (dollars in thousands):

## Fair Value Measurements at December 31, 2014 Using

	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial asset:				
Interest rate cap (1)	\$—	\$—	\$—	\$—
Equity interest in Pulser Media (2)	17,339	—	—	17,339
Total assets	\$17,339	\$—	\$—	\$17,339
Financial liabilities:				
Other current liabilities				
Contingent consideration (3)	\$(181 )	\$—	\$—	\$(181 )
Total liabilities	\$(181 )	\$—	\$—	\$(181 )

## Fair Value Measurements at December 31, 2013 Using

	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:				
Interest rate cap (1)	\$22	\$—	\$22	\$—
Equity interest in Pulser Media (2)	104	—	—	104
Total assets	\$126	\$—	\$22	\$104
Financial liabilities:				
Other current liabilities				
Contingent consideration (3)	\$(31 )	\$—	\$—	\$(31 )
Total liabilities	\$(31 )	\$—	\$—	\$(31 )

The Company's only derivative financial instrument is the interest rate cap pursuant to which the Company pays a fixed interest rate on a \$71.3 million notional amount of its term loans. The fair value of the interest rate cap is (1)determined based on discounted cash flow analysis on the expected future cash flows using observable inputs, including interest rates and yield curves. Derivative valuations incorporate adjustments that are necessary to reflect the credit risk.

- (2) On September 13, 2013, the Company and Pulser Media, Inc. (the parent company of Rdio) ("Pulser"), entered into a five year strategic promotional partnership and sales arrangement (the "Rdio Agreement"). In exchange for \$75 million of promotional commitments over five years, Cumulus will receive a 15% equity interest in Pulser, with the opportunity to earn additional equity, see Note 17, "Commitments and Contingencies". The fair value of the equity interest in Pulser was determined using inputs that are supported by little or no market activity (a Level 3 measurement). At

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December 31, 2014, the fair value of the equity interest in Pulser approximated its cost basis and the Company determined that the investment was not impaired.

The fair value of the contingent consideration was determined using inputs that are supported by little or no market activity (a Level 3 measurement). Contingent consideration represents the fair value of the additional cash (3) consideration potentially payable as part of the WFME Asset Exchange and Wise Brothers Acquisition. See Note 2, "Acquisitions and Dispositions".

The assets associated with the Company's interest rate cap are measured within Level 2 of the fair value hierarchy. To estimate the fair value of the Interest Rate Cap, the Company used an industry standard cash valuation model, which utilizes a discounted cash flow approach, with all significant inputs derived from or corroborated by observable market data. See Note 8, "Derivative Financial Instruments."

The reconciliation below contains the components of the change in fair value associated with the equity interest in Pulser for the year ended December 31, 2014 (dollars in thousands):

Description	Equity Interest in Pulser
Fair value balance at January 1, 2014	\$104
Add: Additions to equity interest in Pulser	17,235
Fair value balance at December 31, 2014	\$17,339

The reconciliation below contains the components of the change in fair value associated with the contingent consideration for the year ended December 31, 2014 (dollars in thousands):

Description	Contingent Consideration
Fair value balance at January 1, 2014	\$(31 )
Add: Wise Brothers Acquisition	(150 )
Fair value balance at December 31, 2014	\$(181 )

Quantitative information regarding the significant unobservable inputs related to the WFME Asset Exchange contingent consideration as of December 31, 2014 was as follows (dollars in thousands):

Fair Value	Valuation Technique	Unobservable Inputs		
\$31	Income Approach	Total term	5 years	
		Conditions	3	
		Bond equivalent yield discount rate	0.1	%

Significant increases (decreases) in any of the inputs in isolation would result in a lower (higher) fair value measurement.

Quantitative information regarding the significant unobservable inputs related to the Wise Brothers Acquisition contingent consideration as of December 31, 2014 was as follows (dollars in thousands):

Fair Value	Valuation Technique	Unobservable Inputs	
\$150	Income Approach	Total term	2 years
		Conditions	4

Significant increases (decreases) in any of the inputs in isolation would result in a lower (higher) fair value measurement.

The following table shows the gross amount and fair value of the Company's Term Loan, Securitization Facility and 7.75% Senior Notes (dollars in thousands):



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	December 31, 2014	December 31, 2013
Term Loan:		
Carrying value	\$1,903,875	\$2,025,000
Fair value — Level 2	1,856,278	2,025,000
Securitization Facility:		
Carrying value	\$—	\$25,000
Fair value — Level 2	—	25,000
7.75% Senior Notes:		
Carrying value	\$610,000	\$610,000
Fair value — Level 2	617,625	641,598

As of December 31, 2014, the Company used the trading prices of 97.5% to calculate the fair value of the Term Loan, and 101.25% to calculate the fair value of the 7.75% Senior Notes.

As of December 31, 2013, the Company used the trading prices of 100.00% to calculate the fair value of the Term Loan and the Securitization Facility, and 105.18% to calculate the fair value of the 7.75% Senior Notes.

### 11. Stockholders' Equity

The Company is authorized to issue an aggregate of 1,450,644,871 shares of stock divided into four classes consisting of: (i) 750,000,000 shares designated as Class A common stock, (ii) 600,000,000 shares designated as Class B common stock, (iii) 644,871 shares designated as Class C common stock and (iv) 100,000,000 shares of preferred stock, each with a par value of \$0.01 per share (see Note 12, "Redeemable Preferred Stock").

On October 16, 2013, the Company issued and sold 18,860,000 shares of its Class A common stock in an underwritten public offering, which included the full exercise of the underwriter's over allotment option to purchase 2,460,000 shares, at a price of \$5.00 per share. The Company received net proceeds after underwriting discounts, commissions and estimated offering expenses of \$89.8 million and used approximately \$78.0 million of the net proceeds from the offering to redeem all then-outstanding shares of the Company's Series B preferred stock, including accrued and unpaid dividends. The remaining net proceeds from the offering were placed in the Company's corporate treasury for general corporate purposes and may be used from time to time for, among other things, repayment of debt, capital expenditures, the financing of possible business expansions and acquisitions, increasing the Company's working capital and the financing of ongoing operating expenses and overhead.

#### Common Stock

Except with regard to voting and conversion rights, shares of Class A, Class B and Class C common stock are identical in all respects. The preferences, qualifications, limitations, restrictions, and the special or relative rights in respect of the common stock and the various classes of common stock are as follows:

**Voting Rights.** The holders of shares of Class A common stock are entitled to one vote per share on any matter submitted to a vote of the stockholders of the Company, and the holders of shares of Class C common stock are entitled to ten votes for each share of Class C common stock held. Generally, the holders of shares of Class B common stock are not entitled to vote on any matter. However, holders of Class B common stock and Class C common stock are entitled to a separate class vote on any amendment or modification of any specific rights or obligations of the holders of Class B common stock or Class C common stock, respectively, that does not similarly affect the rights or obligations of the holders of Class A common stock. The holders of Class A common stock and of Class C common stock vote together, as a single class, on all matters submitted to a vote of the stockholders of the Company.

**Conversion.** Each holder of Class B common stock and Class C common stock is entitled to convert at any time all or any part of such holder's shares into an equal number of shares of Class A common stock; provided, however, that to the extent that such conversion would result in the holder holding more than 4.99% of the shares of Class A common stock immediately following such conversion, the holder shall first deliver to the Company an ownership certification to enable the Company (a) to determine that such holder does not have an attributable interest in another entity that

would cause the Company to violate applicable FCC rules and regulations and (b) to obtain any necessary approvals from the FCC or the Department of Justice. During the year ended December 31, 2014, all of the approximately 15.4 million shares of outstanding Class B common stock were converted into shares of Class A common stock.

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2009 Warrants

In June 2009, in connection with the execution of an amendment to the Company's then-outstanding credit agreement, the Company issued warrants to the lenders thereunder that allow them to acquire up to 1.3 million shares of Class A common stock at an exercise price of \$1.17 per share (the "2009 Warrants"). The 2009 Warrants expire on June 29, 2019. The number of shares of Class A common stock issuable upon exercise of the 2009 Warrants is subject to adjustment in certain circumstances, including upon the payment of a dividend in shares of Class A common stock. At December 31, 2014, 0.4 million 2009 Warrants remained outstanding.

CMP Restated Warrants

In connection with the completion of our acquisition of Cumulus Media Partners, LLC ("CMP") in 2011, a subsidiary of CMP entered into an amended and restated warrant agreement, dated as of August 1, 2011 (the "Restated Warrant Agreement"). Pursuant to the Restated Warrant Agreement, and subject to the terms and conditions thereof, the previously outstanding 3.7 million warrants to acquire shares of this subsidiary were amended and restated to no longer be exercisable for shares of common stock of this subsidiary but instead be exercisable for an aggregate of approximately 8.3 million shares of Class B common stock (the "CMP Restated Warrants"). The CMP Restated Warrants expired by their terms on July 31, 2012. Prior to the expiration thereof, approximately 3.7 million CMP Restated Warrants were converted into approximately 8.2 million shares of Class B common stock.

Equity Held in Reserve

Pursuant to the agreement governing the Company's acquisition of Citadel Broadcasting Company ("Citadel") in 2011 (the "Citadel Merger"), warrants to purchase 2.4 million shares of the Company's common stock were reserved for potential future issuance in connection with the settlement of certain remaining allowed, disputed or not reconciled claims related to Citadel's bankruptcy. As part of the June 2014 completion of proceedings related to the Citadel Bankruptcy, the 2.4 million shares were issued for \$25.0 million from treasury stock. The equity held in reserve was included in additional paid-in-capital on the accompanying consolidated balance sheet at December 31, 2013.

Company Warrants

As a component of the Citadel Merger and the related financing transactions, the Company issued warrants to purchase an aggregate of 71.7 million shares of Class A common stock (the "Company Warrants") under a warrant agreement dated September 16, 2011 (the "Warrant Agreement"). The Company Warrants are exercisable at any time prior to June 3, 2030, at an exercise price of \$0.01 per share. The exercise price of the Company Warrants is not subject to any anti-dilution protection, other than standard adjustments in the case of stock splits, dividends and the like. Pursuant to the terms and conditions of the Warrant Agreement, upon the request of a holder, the Company has the discretion to issue, upon exercise of the Company Warrants, shares of Class B common stock in lieu of an equal number of shares of Class A common stock and, upon request of a holder and at the Company's discretion, the Company has the right to exchange such warrants to purchase an equivalent number of shares of Class B common stock for outstanding warrants to purchase shares of Class A common stock.

Conversion of the Company Warrants is subject to compliance with applicable FCC regulations, and the Company Warrants are exercisable provided that ownership of the Company's securities by the holder does not cause the Company to violate applicable FCC rules and regulations relating to foreign ownership of broadcasting licenses. Holders of Company Warrants are entitled to participate ratably in any distributions on the Company's common stock on an as-exercised basis. No distribution will be made to holders of Company Warrants or common stock if (i) an FCC ruling, regulation or policy prohibits such distribution to holders of Company Warrants or (ii) the Company's FCC counsel opines that such distribution is reasonably likely to cause (a) the Company to violate any applicable FCC rules or regulations or (b) any holder of Company Warrants to be deemed to hold an attributable interest in the Company.

During the year ended December 31, 2014, approximately 15.8 million Company Warrants were converted into shares of Class A common stock. As of December 31, 2014, 1.4 million Company Warrants remained outstanding.

Crestview Warrants

Also on September 16, 2011, but pursuant to a separate warrant agreement, the Company issued warrants to purchase 7.8 million shares of Class A common stock with an exercise price, as adjusted to date, of \$4.34 per share (the

"Crestview Warrants"). The Crestview Warrants are exercisable until September 16, 2021, and the per share exercise price is subject to standard weighted average adjustments in the event that the Company issues additional shares of common stock or common stock derivatives for less than the fair market value per share, as defined in the Crestview Warrants, as of the date of such

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issuance. In addition, the number of shares of Class A common stock issuable upon exercise of the Crestview Warrants, and the exercise price of the Crestview Warrants, are subject to adjustment in the case of stock splits, dividends and the like. As of December 31, 2014, all 7.8 million Crestview Warrants remained outstanding.

## 12. Redeemable Preferred Stock

The Company has designated 2,000,000 shares of its authorized preferred stock as Series A, par value \$0.01 per share, with a liquidation preference of \$1,000 per share (the "Series A Preferred Stock") and 150,000 shares of its authorized preferred stock as Series B, par value \$0.01 per share, with a liquidation preference of \$1,000 per share (the "Series B Preferred Stock").

### Series A Preferred Stock

On August 20, 2013, the Company used proceeds of \$77.2 million from the issuance of 77,241 shares of Series B Preferred Stock to redeem all of the then-outstanding shares of Series A Preferred Stock, including accrued and unpaid dividends thereon. No shares of Series A Preferred Stock are issuable in the future. During the year ended December 31, 2013, the Company paid \$6.8 million in Series A Preferred Stock dividends.

During the year ended December 31, 2012, the Company redeemed 49,233 shares of its Series A Preferred Stock for \$49.2 million and \$0.8 million of unpaid dividends accrued through the redemption date. Total dividends accrued and paid on the Series A Preferred Stock during the year ended December 31, 2012 were \$11.1 million.

The accretion of Series A Preferred Stock resulted in an equivalent reduction in additional paid-in capital on the accompanying consolidated statements of stockholders' equity at December 31, 2013 and December 31, 2012.

### Series B Preferred Stock

On August 20, 2013, the Company issued 77,241 shares of its Series B Preferred Stock for gross proceeds of approximately \$77.2 million. Proceeds from the issuance of the Series B Preferred Stock were used to redeem all then-outstanding shares of Series A Preferred Stock, plus accrued and unpaid dividends thereon. In October 2013, the Company used a portion of the net proceeds from its underwritten public offering of Class A common stock to redeem all then-outstanding shares of Series B Preferred Stock, including accrued and unpaid dividends thereon. No shares of Series B Preferred Stock are issuable in the future.

## 13. Stock-Based Compensation Expense

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock options issued. The determination of the fair value of stock options on the date of grant is affected by the Company's stock price, historical stock price volatility over the expected term of the awards, risk-free interest rates and expected dividends. With respect to restricted stock awards, the Company recognizes compensation expense over the vesting period equal to the grant date fair value of the shares awarded. To the extent non-vested restricted stock awards include performance or market conditions management examines the requisite service period to recognize the cost associated with the award on a case-by-case basis.

Generally, the Company's grants of stock options vest over four years and have a maximum contractual term of ten years. The Company estimates the volatility of its common stock by using a weighted average of historical stock price volatility over the expected term of the options. The Company bases the risk-free interest rate that it uses in its option pricing model on United States Treasury issues with terms similar to the expected term of the options. The Company does not anticipate paying any cash dividends on the class of stock subject to granted stock options in the foreseeable future and therefore uses an expected dividend yield of zero in the option pricing model. The Company is required to estimate forfeitures at the time of grant and revise those estimates in subsequent periods if actual forfeitures differ from estimates. Stock-based compensation expense is recorded only for those awards that are expected to vest. All stock-based payment awards are amortized on a straight-line basis over the requisite service periods of the awards. On February 16, 2012, the Company granted 161,724 shares of time-vesting restricted Class A common stock, with an aggregate grant date fair value of \$0.6 million, to the non-employee directors of the Company with a cliff vesting term

of one year. In addition, on February 16, 2012, the Company granted time-vesting stock options to purchase 1.4 million shares of Class A common stock to certain Company employees, with an aggregate grant date fair value of \$3.3 million. The options have an exercise price of \$4.34 per share, with 30% of the awards having vested on each of September 16, 2012 and February 16, 2013, and 20% having vested on each of February 16, 2014 and February 16, 2015.

On December 27, 2012, the Company issued stock options to an officer of the Company exercisable for 0.8 million shares of Class A common stock with an aggregate grant date fair value of \$1.1 million. The options have an exercise price of \$4.34

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per share, and provide for vesting on each of the first four anniversaries of the date of grant, with 30% of the award vesting on each of the first two anniversaries thereof, and 20% of the award vesting on each of the next two anniversaries thereof.

On May 9, 2013, the Company granted 168,540 shares of time-vesting restricted Class A common stock, with an aggregate grant date fair value of \$0.6 million, to the non-employee directors of the Company with a cliff vesting term of one year.

On May 22, 2014, the Company granted 93,312 shares of time-vesting restricted Class A common stock, with an aggregate grant date fair value of \$0.6 million, to the non-employee directors of the Company with a cliff vesting term of one year.

During 2013, the Company granted 8.3 million stock options with an aggregate grant date fair value of \$32.4 million. The options range in exercise price from \$4.34 to \$5.92 per share, and provide for vesting on each of the first four anniversaries of the date of grant, with 30% of each award vesting on each of the first two anniversaries thereof, and 20% of each award vesting on each of the next two anniversaries thereof.

During 2014, the Company granted 0.8 million stock options with an aggregate grant date fair value of \$3.2 million. The options range in exercise price from \$3.50 to \$7.74 per share, and provide for vesting on each of the first four anniversaries of the date of grant, with 30% of each award vesting on each of the first two anniversaries thereof, and 20% of each award vesting on each of the next two anniversaries thereof.

Stock-based compensation expense for these awards is recognized on a straight-line basis over each award's vesting period.

The total fair value of restricted stock awards that vested during the years ended December 31, 2014 and 2013 was \$0.6 million and \$1.6 million, respectively.

For the years ended December 31, 2014, 2013 and 2012, the Company recognized approximately \$17.6 million, \$10.8 million and \$11.9 million in non-cash stock-based compensation expense, respectively, related to equity awards. The associated tax benefits related to these non-cash stock-based compensation awards for the years ended December 31, 2014, 2013 and 2012 were \$7.1 million, \$4.1 million and \$0.0 million, respectively.

As of December 31, 2014, unrecognized stock-based compensation expense of approximately \$25.6 million related to equity awards is expected to be recognized over a weighted average remaining life of 2.59 years. Unrecognized stock-based compensation expense for equity awards will be adjusted for future changes in estimated forfeitures.

As of December 31, 2014, the total number of shares of common stock that remain authorized, reserved and available for issuance under any of the Company's equity incentive plans was approximately 6.0 million, not including shares underlying outstanding grants. The Company is only authorized to make additional award grants under the 2011 Equity Incentive Plan.

The following tables summarize the Company's equity award activity for the year ended December 31, 2014:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Options to Purchase Common Stock				
Outstanding at January 1, 2014	28,550,185	\$ 4.76		
Granted	775,000	5.91		
Exercised	(1,252,980)	) 4.27		
Forfeited	(1,120,900)	) 4.79		
Canceled	(245,400)	) 4.70		
Outstanding at December 31, 2014	26,705,905	\$ 4.82	7.36	\$7,104
Vested or expected to vest at December 31, 2014	26,705,905	\$ 4.82	7.36	\$9,657
Exercisable at December 31, 2014	17,348,065	\$ 4.54	6.96	\$937





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	Number of Restricted Share Awards	Weighted- Average Grant Date Fair Value
Restricted Common Stock Awards		
Outstanding at January 1, 2014	415,040	\$4.04
Granted	93,312	6.43
Vested	(335,289	) 3.84
Forfeited	(6,250	) 4.87
Outstanding awards at December 31, 2014	166,813	\$5.73

## 2011 Equity Incentive Plan

The Board adopted the 2011 Equity Incentive Plan on July 8, 2011. Also, on July 8, 2011, stockholders holding a majority of the outstanding voting power of the Company, upon the recommendation of the Board, approved the 2011 Equity Incentive Plan.

The 2011 Equity Incentive Plan authorizes the grant of equity-based compensation in the form of stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units (“RSUs”), performance shares, performance units, and other awards for the purpose of providing Cumulus Media’s non-employee directors, consultants, officers and other employees incentives and rewards for superior performance.

The 2011 Equity Incentive Plan is administered by the Compensation Committee. The Compensation Committee may delegate its authority under the 2011 Equity Incentive Plan.

Total awards under the 2011 Equity Incentive Plan are limited to 35,000,000 shares (the “Authorized Plan Aggregate”) of Class A common stock. The 2011 Equity Incentive Plan also provides that: (i) the aggregate number of shares of Class A common stock actually issued or transferred upon the exercise of incentive stock options (“ISOs”) will not exceed 17,500,000 shares; (ii) the number of shares of Class A common stock issued as restricted stock, RSUs, performance shares, performance units and other awards (after taking into account any forfeitures and cancellations) will not, during the term of the 2011 Equity Incentive Plan, in the aggregate exceed 12,000,000 shares of Class A common stock; (iii) no participant will be granted stock options or SARs, in the aggregate, for more than 11,500,000 shares of Class A common stock during any calendar year; (iv) no participant will be granted awards of restricted stock, RSUs, performance shares or other awards that are intended to qualify as “qualified performance-based compensation” under Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Code”), in the aggregate, for more than 3,000,000 shares of Class A common stock during any calendar year; and (v) no participant during any calendar year will be granted awards of performance units that are intended to qualify as “qualified performance-based compensation” under Section 162(m) of the Code, in the aggregate, for more than a maximum value of \$5,000,000 as of their respective dates of grant.

The 2011 Equity Incentive Plan provides that only shares with respect to awards that expire or are forfeited or canceled, or shares that were covered by an award the benefit of which is paid in cash instead of shares, will again be available for issuance under the 2011 Equity Incentive Plan. The following shares are not added back to the Authorized Plan Aggregate: (i) shares tendered in payment of a stock option exercise price; (ii) shares withheld by the Company to satisfy tax withholding obligations; and (iii) shares repurchased by the Company with stock option proceeds. Further, all shares covered by a SAR that is exercised and settled in shares, and whether or not all shares are actually issued to the participant upon exercise of the right, will be considered issued or transferred pursuant to the 2011 Equity Incentive Plan.

The 2011 Equity Incentive Plan provides that generally: (i) stock options and SARs may not become exercisable by the passage of time sooner than one-third per year over three years except in the event of retirement, death or disability of a participant or in the event of a change in control (described below); (ii) stock options and SARs that become exercisable upon the achievement of Management Objectives (as defined below) cannot become exercisable sooner than one year from the date of grant except in the event of retirement, death or disability of a participant or in

the event of a change in control; (iii) restricted stock and RSUs may not become unrestricted by the passage of time sooner than one-third per year over three years unless restrictions lapse sooner by virtue of retirement, death or disability of a participant or in the event of a change in control; (iv) the period of time within which Management Objectives relating to performance shares and performance units must be achieved will be a minimum of one year, subject to earlier lapse or modification by virtue of retirement, death or disability of a participant or in the event of a change in control; (v) restricted stock and RSUs that vest upon the achievement of

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Management Objectives cannot vest sooner than one year from the date of grant, but may be subject to earlier lapse or modification by virtue of retirement, death or disability of a participant or in the event of a change in control; and, (vi) as described below, a limited number of awards, however, including restricted stock and RSUs granted to non-employee directors, may be granted without regard to the above minimum vesting periods. Repricing of options and SARs is prohibited without stockholder approval under the 2011 Equity Incentive Plan.

In general, a change in control will be deemed to have occurred if: (i) there is a consummation of a sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries taken as a whole to any person or group; (ii) a plan relating to the liquidation or dissolution of the Company is adopted; (iii) there is a consummation of any transaction (including, without limitation, any purchase, sale, acquisition, disposition, merger or consolidation) the result of which is that any person or group becomes the beneficial owner (excluding any options to purchase equity securities of the Company held by such person or group) of more than 50% of the aggregate voting power of all classes of capital stock of the Company having the right to elect directors under ordinary circumstances; or (iv) a majority of the members of the Board are not Continuing Directors. For purposes of this definition, a “Continuing Director” is, as of any date of determination, any member of the Board who (1) was a member of the Board on July 8, 2011 or (2) was nominated for election or elected to the Board with the approval of either two-thirds of the Continuing Directors who were members of the Board at the time of such nomination or election or two-thirds of those Company directors who were previously approved by Continuing Directors.

The 2011 Equity Incentive Plan provides that dividends or other distributions on performance shares, restricted stock or RSUs that are earned or that have restrictions that lapse as a result of the achievement of Management Objectives will be deferred until and paid contingent upon the achievement of the applicable Management Objectives. The 2011 Equity Incentive Plan also provides that dividends and dividend equivalents will not be paid on stock options or SARs.

The 2011 Equity Incentive Plan provides that no stock options or SARs will be granted with an exercise or base price less than the fair market value of the Class A common stock on the date of grant. The 2011 Equity Incentive Plan is designed to allow awards to qualify as qualified performance-based compensation under Section 162(m) of the Code. The following performance metrics may be used as “Management Objectives”: profits, cash flow, returns, working capital, profit margins, liquidity measures, sales growth, gross margin growth, cost initiative and stock price metrics, and strategic initiative key deliverable metrics.

As of December 31, 2014, there were outstanding options to purchase a total of 26,090,400 shares of Class A common stock at exercise prices ranging from \$2.75 to \$7.74 per share under the 2011 Equity Incentive Plan, of which 9,357,840 shares are unvested and 16,732,560 shares are vested.

2008 Equity Incentive Plan

As of December 31, 2014, there were outstanding options to purchase a total of 596,505 shares of Class A common stock at exercise prices ranging from \$2.54 to \$3.30 per share under the 2008 Equity Incentive Plan. As of December 31, 2014 all of such outstanding options had vested. The Company is not authorized to issue additional grants under this plan.

2004 Equity Incentive Plan

As of December 31, 2014, there were outstanding options to purchase a total of 19,000 shares of Class A common stock at exercise prices ranging from \$9.40 to \$14.04 per share under the 2004 Equity Incentive Plan. As of December 31, 2014 all of such outstanding options had vested. The Company is not authorized to issue additional grants under this plan.

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## 14. Income Taxes

Income tax expense (benefit) from continuing operations for the years ended December 31, 2014, 2013, and 2012 consisted of the following (dollars in thousands):

	2014	2013	2012
Current income tax (benefit) expense			
Federal	\$—	\$—	\$(411 )
State and local	3,352	2,987	3,076
Total current income tax expense	\$3,352	\$2,987	\$2,665
Deferred tax expense (benefit)			
Federal	\$7,172	\$(65,330 )	\$(22,487 )
State and local	(270 )	(6,121 )	(14,848 )
Total deferred tax expense (benefit)	6,902	(71,451 )	(37,335 )
Total income tax expense (benefit)	\$10,254	\$(68,464 )	\$(34,670 )

Total income tax expense (benefit) from continuing operations differed from the amount computed by applying the federal statutory tax rate of 35.0% for the years ended December 31, 2014, 2013 and 2012 due to the following (dollars in thousands):

	2014	2013	2012
Pretax income (loss) at federal statutory rate	\$7,707	\$(8,698 )	\$(51,311 )
State income tax expense (benefit), net federal expense (benefit)	992	(209 )	4,347
Meals and entertainment	424	291	63
Acquisition costs	—	399	—
Change in state tax rates	(1,580 )	296	(10,985 )
Section 162 disallowance	562	140	1,438
Impairment charges on goodwill with no tax basis	—	—	35,000
Increase (decrease) in valuation allowance	2,189	(61,512 )	(12,812 )
Other	(40 )	829	(410 )
Net income tax expense (benefit)	\$10,254	\$(68,464 )	\$(34,670 )

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2014 and 2013 are presented below (dollars in thousands):

	2014	2013
Current deferred tax assets:		
Accounts receivable	\$1,975	\$1,501
Accrued expenses and other current liabilities	826	3,690
Net operating loss	45,246	41,469
Current deferred tax assets	48,047	46,660
Less: valuation allowance	(4,199	) (3,562
Net current deferred tax assets	43,848	43,098
Noncurrent deferred tax assets:		
Advertising relationships	4,839	7,037
Other liabilities	19,835	16,281
AMT tax credit	2,042	5,037
Net operating loss	136,700	145,056
Noncurrent deferred tax assets	163,416	173,411
Less: valuation allowance	(14,792	) (13,240
Net noncurrent deferred tax assets	148,624	160,171
Noncurrent deferred tax liabilities:		
Intangible assets	560,954	536,351
Property and equipment	38,798	47,083
Cancellation of debt income	51,002	74,396
Other	5,861	2,847
Noncurrent deferred tax liabilities	656,615	660,677
Net noncurrent deferred tax liabilities	507,991	500,506
Net deferred tax liabilities	\$464,143	\$457,408

Deferred tax assets and liabilities are computed by applying the federal and state income tax rates in effect to the gross amounts of temporary differences and other tax attributes, such as net operating loss carry-forwards. In assessing if the deferred tax assets will be realized, the Company considers whether it is more likely than not that some or all of these deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which these deductible temporary differences reverse.

For the years ended December 31, 2012 and 2011 the Company maintained a full valuation allowance on its net deferred tax assets exclusive of its deferred tax liability on its indefinite lived intangibles. During the year ended December 31, 2012, the Company reduced its valuation allowance from \$201.2 million to \$171.0 million. This change in valuation allowance of \$30.2 million was recorded as a tax benefit to net income for the year and is primarily the result of an increase to future sources of taxable income available to recover the Company's deferred tax assets.

During the year ended December 31, 2013, the valuation allowance was reduced by \$154.3 million to \$16.8 million. The reduction in valuation allowance was recorded as a deferred tax benefit during the year, of which \$69.5 million relates to the change in judgment about the future realization of deferred tax assets available at the beginning of the year with the remainder related to the consumption of federal and state net operating losses; primarily the result of taxable income related to the sale of assets to Townsquare. The \$16.8 million valuation allowance remaining at December 31, 2013 relates to the current inability to recover certain separate company state net operating losses.

During the year ended December 31, 2014, the valuation allowance increased by \$2.2 million to \$19.0 million. This increase was recorded as deferred tax expense and is the result of the inability to utilize the benefit of current year net operating losses in certain jurisdictions.

At December 31, 2014, Company has federal net operating loss carry forwards, which are available to offset future taxable income, of approximately \$433.8 million which will expire in the years 2030 through 2032. At December 31, 2014, the Company has state net operating loss carry forwards available to offset future income of approximately \$2.4 billion which will expire in the years 2017 through 2034. In addition to the federal and state net operating loss carry forwards noted above,

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approximately \$1.5 million of net operating loss carry forwards relate to windfall tax benefits associated with the Company's equity based compensation plan that will benefit additional paid in capital when realized. The Company's policy is to treat these equity based net operating loss carry forwards as the last net operating loss carry forwards to be consumed.

The Company records interest and penalties related to unrecognized tax benefits in current income tax expense. Of this amount, \$0.5 million was recorded to expense in 2014. The total interest and penalties accrued as of December 31, 2014 is \$6.2 million. The increase in accrued interest and penalty in 2014 of \$2.1 million is the result of additional interest and penalties estimated to be due with respect to uncertain tax positions acquired in the WestwoodOne acquisition of \$1.6 million plus the 2014 annual accrual of \$0.5 million. The total unrecognized tax benefits and accrued interest and penalties at December 31, 2014 was \$20.7 million. Of this total, \$17.0 million represents the unrecognized tax benefits and accrued interest and penalties that, if recognized, would favorably affect the effective income tax rate in future periods. Of the \$20.7 million total unrecognized tax benefits and accrued interest and penalties, \$18.1 million relates to items which are not expected to change significantly within the next 12 months. Substantially all federal, state, local and foreign income tax returns have been closed for the tax years through 2010; however, the various tax jurisdictions may adjust the Company's net operating loss carry forwards. The following table reconciles unrecognized tax benefits during the relevant years:

Balance at January 1, 2013	\$ 12,285	
Increases for tax positions related to the WestwoodOne acquisition	2,603	
Balance at December 31, 2013	\$ 14,888	
Increases for tax positions related to the WestwoodOne acquisition	(422	)
Balance at December 31, 2014	\$ 14,466	

## 15. Earnings Per Share ("EPS")

For all periods presented, the Company has disclosed basic and diluted earnings (loss) per common share utilizing the two-class method. Basic earnings (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of shares of common stock outstanding during the period. In accordance with the terms of the Third Amended and Restated Charter, the Company allocates undistributed net income (loss) from continuing operations between each class of common stock on an equal basis after any allocations for preferred stock dividends.

Non-vested restricted shares of Class A common stock and the Company Warrants are considered participating securities for purposes of calculating basic weighted average common shares outstanding in periods in which the Company records net income. Diluted earnings (loss) per share is computed in the same manner as basic earnings (loss) per share after assuming issuance of common stock for all potentially dilutive equivalent shares, which includes stock options and certain warrants to purchase common stock. Antidilutive instruments are not considered in this calculation. Under the two-class method, net income (loss) is allocated to common stock and participating securities to the extent that each security may share in earnings (loss), as if all of the earnings (loss) for the period had been distributed. Earnings (loss) are allocated to each participating security and common share equally, after deducting dividends declared or accretion on preferred stock.

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The following table sets forth the computation of basic and diluted earnings (loss) per common share for the years ended December 31, 2014, 2013 and 2012 (amounts in thousands, except per share data):

	2014	2013	2012
Basic Earnings Per Share			
Numerator:			
Undistributed net income (loss) from continuing operations	\$ 11,769	\$ 43,613	\$(111,932 )
Less:			
Dividends declared on redeemable preferred stock	—	9,395	13,778
Accretion of redeemable preferred stock	—	2,474	7,117
Participation rights of the Company Warrants in undistributed earnings	358	4,712	—
Participation rights of unvested restricted stock in undistributed earnings	12	63	—
Basic undistributed net income (loss) from continuing operations — attributable to common shares	\$ 11,399	\$ 26,969	\$(132,827 )
Denominator:			
Basic weighted average common shares outstanding	226,142	183,643	162,604
Basic income (loss) from continuing operations per share — attributable to common shares	\$ 0.05	\$ 0.15	\$(0.82 )
Diluted Earnings Per Share			
Numerator:			
Undistributed net income (loss) from continuing operations	\$ 11,769	\$ 43,613	\$(111,932 )
Less:			
Dividends declared on redeemable preferred stock	—	9,395	13,778
Accretion of redeemable preferred stock	—	2,474	7,117
Participation rights of the Company Warrants in undistributed net income	354	4,584	—
Participation rights of unvested restricted stock in undistributed earnings	12	63	—
Basic undistributed net income (loss) from continuing operations — attributable to common shares	\$ 11,403	\$ 27,097	\$(132,827 )
Denominator:			
Basic weighted average shares outstanding	226,142	183,643	162,604
Effect of dilutive options and warrants	2,821	3,202	—
Diluted weighted average shares outstanding	228,963	186,845	162,604
Diluted income (loss) from continuing operations per share — attributable to common shares	\$ 0.05	\$ 0.15	\$(0.82 )

## 16. Leases

The Company has non-cancelable operating leases, primarily for land, tower space, office-space, certain office equipment and vehicles. The operating leases generally contain renewal options for periods ranging from one to ten years and require the Company to pay all executory costs such as maintenance and insurance. Rental expense for operating leases was approximately \$27.4 million, \$22.6 million, and \$25.9 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Future minimum payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year), future minimum sublease income to be received and a lease commitment under a sale leaseback agreement as of December 31, 2014 are as follows (in thousands):





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Year Ending December 31:	Future Minimum Rent Under Operating Leases	Future Minimum Sublease Income	Future Minimum Commitments Under Sale Leaseback Agreement	Net Commitments
2015	\$26,282	\$(1,710	) \$1,040	\$25,612
2016	23,380	(269	) 1,076	24,187
2017	20,296	—	1,114	21,410
2018	15,643	—	1,153	16,796
2019	12,648	—	1,193	13,841
Thereafter	32,272	—	—	32,272
	\$130,521	\$(1,979	) \$5,576	\$134,118

## 17. Commitments and Contingencies

## Future Commitments

Effective December 31, 2009, the Company's radio music license agreements with the two largest performance rights organizations, The American Society of Composers, Authors and Publishers ("ASCAP") and Broadcast Music, Inc. ("BMI"), expired. In January 2010, the Radio Music License Committee (the "RMLC"), which negotiates music licensing fees for most of the radio industry with ASCAP and BMI, filed motions in the New York courts against these organizations on behalf of the radio industry, seeking interim fees and a determination of fair and reasonable industry-wide license fees. During 2010, the courts approved reduced interim fees for ASCAP and BMI. On January 27, 2012, the Federal District Court for the Southern District of New York approved a settlement between the RMLC and ASCAP concerning the fees payable covering the period January 1, 2010 through December 31, 2016. Included in the agreement is a \$75.0 million industry fee credit against fees previously paid in 2010 and 2011, with such fees to be credited over the remaining period of the contract. The Company began recognizing the ASCAP credits as a reduction in direct operating expenses on January 1, 2012. On August 28, 2012, the Federal District Court for the Southern District of New York approved a settlement between the RMLC and BMI concerning the fees payable covering the period January 1, 2010 through December 31, 2016. Included in the agreement is a \$70.5 million industry fee credit against fees previously paid in 2010 and 2011, with such fees immediately available to the industry. The radio broadcast industry's principal ratings service is Nielsen Audio, which publishes surveys for domestic radio markets. Certain of the Company's subsidiaries have agreements with Nielsen Audio under which they receive programming ratings materials in a majority of their respective markets. The remaining aggregate obligation under the agreements with Nielsen Audio is approximately \$174.2 million and is expected to be paid in accordance with the agreements through December 2017.

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

On September 13, 2013, the Company and Pulser entered into the Rdio Agreement, which provides that Cumulus will act as the exclusive promotional agent for Rdio ad products, including display, mobile, in-line audio, synced banners and other digital inventory that may become available from time to time. In exchange for \$75 million of promotional commitments over five years, Cumulus will receive 15% of the equity interests of Pulser, with the opportunity to earn additional equity in the form of warrants based on the achievement of certain performance milestones over the term of the Rdio Agreement. The Company will record the equity received for services at fair value and will evaluate the investment for impairment in subsequent periods.

The Company is committed under various contractual agreements to pay for broadcast rights that include news services and to pay for executives, talent, research, weather and other services.

The Company from time to time enters into radio network contractual obligations to guarantee a minimum amount of revenue share to contractual counterparties on certain programming in future years. Generally, these guarantees are

subject to decreases dependent on clearance targets achieved. As of December 31, 2014, the Company believes that it will meet such minimum obligations.

On January 2, 2014 (the "Commencement Date"), Merlin Media, LLC ("Merlin") and the Company entered into an LMA. Under this LMA, the Company is responsible for operating two FM radio stations in Chicago, Illinois, for monthly fees

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payable to Merlin of approximately \$0.3 million, \$0.4 million, \$0.5 million and \$0.6 million in the first, second, third and fourth years following the Commencement Date, respectively, in exchange for the Company retaining the operating profits from these radio stations.

In connection therewith, the Company and Merlin also entered into an agreement pursuant to which the Company has the right to purchase these two FM radio stations until October 4, 2017, for an amount in cash equal to the greater of (i) \$70.0 million minus the aggregate amount of monthly fees paid by the Company on or prior to the earlier of the closing date or the date that is four years after the Commencement Date; or (ii) \$50.0 million, and Merlin has the right to require the Company to purchase these two FM radio stations at any time during a ten-day period commencing October 4, 2017 for \$71.0 million, minus the aggregate amount of monthly fees paid by the Company on or prior to the earlier of the closing date or the date that is four years after the Commencement Date.

The Company determined through its review of the requirements of ASC 810 that the Company is not the primary beneficiary of the LMA with Merlin, and, therefore consolidation of the stations is not required.

On April 1, 2014, the Company initiated an exit plan for a lease due to a restructuring in connection with the acquisition of WestwoodOne (the "Exit Plan"), which includes charges related to terminated contract costs. In connection with the Exit Plan, the Company recorded restructuring costs of \$5.2 million for the year ended December 31, 2014, which costs are included in corporate expenses in the consolidated statement of operations. As of December 31, 2014, liabilities related to the Exit Plan of \$0.4 million were included in accounts payable and accrued expenses and are expected to be paid within one year and \$4.3 million of non-current liabilities are included in other liabilities in the consolidated balance sheet. We anticipate no additional future charges for the Exit Plan other than true-ups to closed facilities lease charges and accretion expense.

On April 25, 2014, the Company entered into an LMA with Universal Media Access, LLC ("Universal") pursuant to which the Company is responsible for operating one FM radio station serving San Jose and San Francisco, California for a fixed fee to Universal of approximately \$1.4 million each year for two years in exchange for the Company retaining the operating profits from this radio station.

In connection therewith, the Company and Universal also entered into an agreement pursuant to which the Company has the right to purchase the radio station until April 5, 2016 for \$14.8 million minus the aggregate amount of monthly LMA fees paid by the Company on or prior to the earlier of the closing date or the date that is 18 months after April 25, 2014. In addition, Universal has the right to require the Company to purchase the station at any time during a ten-day period commencing April 5, 2016 for \$14.8 million, minus the aggregate amount of fees paid by the Company on or prior to the earlier of the closing date or the date that is two years after April 25, 2014.

The Company determined through its review of the requirements of ASC 810 that the Company is not the primary beneficiary of the LMA with Universal, and, therefore consolidation of the station is not required.

As described in Note 2, "Acquisitions and Dispositions," the Company may be required to pay additional cash consideration in connection with the WFME Asset Exchange in New York and the Wise Brothers Acquisition. In addition, as a component of the Country Weekly Acquisition, the Company entered into an agreement with one of the sellers to collaborate on the production, publication and distribution of Country Weekly for a fee of \$1.0 million for a period of 6 years from date of the Country Weekly Acquisition.

Legal Proceedings

We are currently party to, or a defendant in, various claims or lawsuits that are generally incidental to our business. We also expect that from time to time in the future we will be party to, or a defendant in, various claims or lawsuits that are generally incidental to our business. We expect that we will vigorously contest any such claims or lawsuits and believe that the ultimate resolution of any known claim or lawsuit will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

18. Quarterly Results (Unaudited)

The following table presents the Company's selected unaudited quarterly results for the eight quarters ended December 31, 2014 and 2013, including discontinued operations (see Note 3, "Discontinued Operations") (dollars in thousands, except per share data):



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	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
FOR THE YEAR ENDED DECEMBER 31, 2014				
Net revenue	\$292,044	\$328,247	\$313,885	\$329,247
Operating income	19,122	58,433	41,900	42,375
(Loss) income from continuing operations before income taxes	(16,877	) 25,900	6,048	6,952
Net (loss) income	(9,269	) 15,137	2,540	3,361
Basic:				
(Loss) income from continuing operations per share	\$(0.04	) \$0.06	\$0.01	\$0.02
(Loss) income per share	\$(0.04	) \$0.06	\$0.01	\$0.02
Diluted:				
(Loss) income from continuing operations per share	\$(0.04	) \$0.06	\$0.01	\$0.02
(Loss) income per share	\$(0.04	) \$0.06	\$0.01	\$0.02
FOR THE YEAR ENDED DECEMBER 31, 2013				
Net revenue	\$217,839	\$270,306	\$262,535	\$275,458
Operating income	19,277	73,952	62,820	31,317
(Loss) income from continuing operations before income taxes	(24,688	) 25,187	17,487	(42,837
Income (loss) from discontinued operations, net of taxes	17,675	11,987	(3,455	) 106,263
Net (loss) income	(8,988	) 27,101	7,037	150,933
Basic:				
(Loss) income from continuing operations per share	\$(0.17	) \$0.05	\$0.03	\$0.20
Income (loss) from discontinued operations per share	\$0.10	\$0.06	\$(0.02	) \$0.46
(Loss) income per share	\$(0.07	) \$0.11	\$0.01	\$0.66
Diluted:				
(Loss) income from continuing operations per share	\$(0.17	) \$0.05	\$0.03	\$0.19
Income (loss) from discontinued operations per share	\$0.10	\$0.06	\$(0.02	) \$0.45
(Loss) income per share	\$(0.07	) \$0.11	\$0.01	\$0.64

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19. Supplemental Condensed Consolidating Financial Information

At December 31, 2014, Cumulus (the "Parent Guarantor") and certain of its 100% owned subsidiaries (such subsidiaries, the "Subsidiary Guarantors") provided guarantees of the obligations of Cumulus Holdings (the "Subsidiary Issuer") under the 7.75% Senior Notes. These guarantees are full and unconditional (subject to customary release provisions) as well as joint and several. Certain of the Subsidiary Guarantors may be subject to restrictions on their respective ability to distribute earnings to Cumulus Holdings or the Parent Guarantor. Not all of the subsidiaries of Cumulus and Cumulus Holdings guarantee the 7.75% Senior Notes (such non-guaranteeing subsidiaries, collectively, the "Subsidiary Non-guarantors").

The following tables present (i) condensed consolidating statements of operations for the years ended December 31, 2014, 2013 and 2012, (ii) condensed consolidating balance sheets as of December 31, 2014 and 2013, and (iii) condensed consolidating statements of cash flows for the years ended December 31, 2014, 2013, and 2012 of each of the Parent Guarantor, Cumulus Holdings, the Subsidiary Guarantors, and the Subsidiary Non-guarantors. These results have been adjusted for discontinued operations (see Note 3, "Discontinued Operations").

Investments in consolidated subsidiaries are held primarily by the Parent Guarantor in the net assets of its subsidiaries and have been presented using the equity method of accounting. The "Eliminations" entries in the following tables primarily eliminate investments in subsidiaries and intercompany balances and transactions. The columnar presentations in the following tables are not consistent with the Company's business groups; accordingly, this basis of presentation is not intended to present the Company's financial condition, results of operations or cash flows on a consolidated basis.

Reclassifications

Certain account balances in the 2013 and 2012 periods have been reclassified to conform to classifications currently in use. In the accompanying unaudited condensed consolidating statements of operations the Company separately presents content costs and other direct operating expenses as operating expense categories. In certain of the Company's historical disclosures, those line items were presented on a combined basis within the direct operating expenses line item in the statement of operations. Content costs consist of all costs related to the licensing, acquisition and development of the Company's programming. Other direct operating expenses consist of expenses related to the distribution and monetization of the Company's content across its platform and overhead expenses. There were no other costs included in direct operating expenses in 2013 or 2012.

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## CUMULUS MEDIA INC.

## CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended December 31, 2014

(Dollars in thousands)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non- guarantors	Non- Eliminations	Total Consolidated
Net revenue	\$—	\$ 479	\$ 1,262,944	\$ —	\$ —	\$ 1,263,423
Operating expenses:						
Content costs	—	—	433,596	—	—	433,596
Other direct operating expenses	—	—	468,349	2,092	—	470,441
Depreciation and amortization	—	1,619	113,656	—	—	115,275
LMA fees	—	—	7,195	—	—	7,195
Corporate expenses (including stock-based compensation expense of \$17,638)	—	76,428	—	—	—	76,428
Gain on sale of stations or assets	—	—	(1,342 )	—	—	(1,342 )
Total operating expenses	—	78,047	1,021,454	2,092	—	1,101,593
Operating (loss) income	—	(77,568 )	241,490	(2,092 )	—	161,830
Non-operating (expense) income:						
Interest expense	(9,349 )	(135,920 )	—	(264 )	—	(145,533 )
Interest income	—	—	1,388	—	—	1,388
Other income, net	—	—	4,338	—	—	4,338
Total non-operating (expense) income, net	(9,349 )	(135,920 )	5,726	(264 )	—	(139,807 )
(Loss) income from continuing operations before income taxes	(9,349 )	(213,488 )	247,216	(2,356 )	—	22,023
Income tax benefit (expense)	3,739	81,993	(96,928 )	942	—	(10,254 )
(Loss) income from continuing operations	(5,610 )	(131,495 )	150,288	(1,414 )	—	11,769
Earnings (loss) from consolidated subsidiaries	17,379	148,874	(1,414 )	—	(164,839 )	—
Net income (loss)	\$ 11,769	\$ 17,379	\$ 148,874	\$ (1,414 )	\$ (164,839 )	\$ 11,769

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CUMULUS MEDIA INC.  
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS  
Year Ended December 31, 2013  
(Dollars in thousands)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non- guarantors	Non- Eliminations	Total Consolidated
Net revenue	\$ —	\$ 1,063	\$ 1,025,075	\$ —	\$ —	\$ 1,026,138
Operating expenses:						
Content costs	—	—	264,871	—	—	264,871
Other direct operating expenses	—	—	401,122	2,259	—	403,381
Depreciation and amortization	—	1,913	110,598	—	—	112,511
LMA fees	—	—	3,716	—	—	3,716
Corporate expenses (including stock-based compensation expense of \$10,804)	—	59,830	—	—	—	59,830
Gain on sale of assets or stations	—	—	(3,685 )	—	—	(3,685 )
Gain on derivative instrument	—	—	(1,852 )	—	—	(1,852 )
Total operating expenses	—	61,743	774,770	2,259	—	838,772
Operating (loss) income	—	(60,680 )	250,305	(2,259 )	—	187,366
Non-operating (expense) income:						
Interest expense	(11,765 )	(166,445 )	—	(64 )	—	(178,274 )
Interest income	—	1,289	4	—	—	1,293
Loss on early extinguishment of debt	—	(34,934 )	—	—	—	(34,934 )
Other expense, net	—	—	(302 )	—	—	(302 )
Total non-operating expense, net	(11,765 )	(200,090 )	(298 )	(64 )	—	(212,217 )
(Loss) income from continuing operations before income taxes	(11,765 )	(260,770 )	250,007	(2,323 )	—	(24,851 )
Income tax benefit (expense)	4,706	104,308	(41,479 )	929	—	68,464
(Loss) income from continuing operations	(7,059 )	(156,462 )	208,528	(1,394 )	—	43,613
Income from discontinued operations, net of taxes	—	—	132,470	—	—	132,470
Earnings (loss) from consolidated subsidiaries	183,142	339,604	(1,394 )	—	(521,352 )	—
Net income (loss)	\$ 176,083	\$ 183,142	\$ 339,604	\$ (1,394 )	\$ (521,352 )	\$ 176,083



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## CUMULUS MEDIA INC.

## CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended December 31, 2012

(Dollars in thousands)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non-guarantors	Eliminations	Total Consolidated
Net revenue	\$ 2,681	\$ —	\$ 999,591	\$ —	\$ —	\$ 1,002,272
Operating expenses:						
Content costs	—	—	244,082	—	—	244,082
Other direct operating expenses	—	—	375,576	3,226	—	378,802
Depreciation and amortization	2,671	—	132,904	—	—	135,575
LMA fees	—	—	3,465	—	—	3,465
Corporate expenses (including stock-based compensation expense of \$11,894)	57,438	—	—	—	—	57,438
Impairment of intangible assets	—	—	111,279	14,706	—	125,985
Realized gain on derivative instruments	—	—	(12 )	—	—	(12 )
Total operating expenses	60,109	—	867,294	17,932	—	945,335
Operating (loss) income	(57,428 )	—	132,297	(17,932 )	—	56,937
Non-operating (expense) income:						
Interest expense	(3,708 )	(196,982 )	1,116	—	—	(199,574 )
Interest income	—	946	—	—	—	946
Loss on early extinguishment of debt	—	(2,432 )	—	—	—	(2,432 )
Other expense, net	—	—	(2,479 )	—	—	(2,479 )
Total non-operating expense, net	(3,708 )	(198,468 )	(1,363 )	—	—	(203,539 )
(Loss) income from continuing operations before income taxes	(61,136 )	(198,468 )	130,934	(17,932 )	—	(146,602 )
Income tax benefit	—	—	25,290	9,380	—	34,670
(Loss) income from continuing operations	(61,136 )	(198,468 )	156,224	(8,552 )	—	(111,932 )
Income from discontinued operations, net of taxes	—	—	50,336	28,867	—	79,203
Earnings (loss) from consolidated subsidiaries	28,407	226,875	20,315	—	(275,597 )	—
Net (loss) income	\$ (32,729 )	\$ 28,407	\$ 226,875	\$ 20,315	\$ (275,597 )	\$ (32,729 )



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## CUMULUS MEDIA INC.

## CONDENSED CONSOLIDATING BALANCE SHEETS

As of December 31, 2014

(Dollars in thousands, except for share and per share data)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non-guarantors	Eliminations	Total Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$—	\$7,268	\$3	\$ —	\$—	\$7,271
Restricted cash	—	10,055	—	—	—	10,055
Accounts receivable, less allowance for doubtful accounts of \$6,004	—	—	—	248,308	—	248,308
Trade receivable	—	—	2,455	—	—	2,455
Asset held for sale	—	—	15,007	—	—	15,007
Prepaid expenses and other current assets	—	66,020	21,710	—	—	87,730
Total current assets	—	83,343	39,175	248,308	—	370,826
Property and equipment, net	—	2,653	218,844	—	—	221,497
Broadcast licenses	—	—	—	1,596,715	—	1,596,715
Other intangible assets, net	—	—	243,640	—	—	243,640
Goodwill	—	—	1,253,823	—	—	1,253,823
Investment in consolidated subsidiaries	627,363	4,154,147	1,097,404	—	(5,878,914 )	—
Intercompany receivables	—	86,527	1,462,776	—	(1,549,303 )	—
Other assets	—	32,776	25,420	744	—	58,940
Total assets	\$627,363	\$4,359,446	\$4,341,082	\$ 1,845,767	\$(7,428,217)	\$3,745,441
Liabilities and Stockholders' Equity (Deficit)						
Current liabilities:						
Accounts payable and accrued expenses	\$—	\$30,322	\$121,336	\$ —	\$—	\$151,658
Trade payable	—	—	3,964	—	—	3,964
Total current liabilities	—	30,322	125,300	—	—	155,622
Long-term debt, excluding 7.75% senior notes	—	1,875,127	—	—	—	1,875,127
7.75% senior notes	—	610,000	—	—	—	610,000
Other liabilities	—	2,166	52,955	—	—	55,121
Intercompany payables	85,783	1,214,468	—	249,052	(1,549,303 )	—
Deferred income taxes	—	—	8,680	499,311	—	507,991
Total liabilities	85,783	3,732,083	186,935	748,363	(1,549,303 )	3,203,861
Stockholders' equity (deficit):						
Class A common stock, par value 2,549 \$0.01 per share; 750,000,000 shares authorized; 254,997,925	—	—	—	—	—	2,549

shares issued and 232,378,371 shares outstanding							
Class C common stock, par value \$0.01 per share; 644,871 shares authorized, issued and outstanding	6	—	—	—	—	—	6
Treasury stock, at cost, 22,619,554 shares	(231,588 )	—	—	—	—	—	(231,588 )
Additional paid-in-capital	1,600,963	244,233	4,163,779	2,072,591	(6,480,603 )	1,600,963	
Accumulated (deficit) equity	(830,350 )	383,130	(9,632 )	(975,187 )	601,689	(830,350 )	
Total stockholders' equity (deficit)	541,580	627,363	4,154,147	1,097,404	(5,878,914 )	541,580	
Total liabilities and stockholders' equity (deficit)	\$627,363	\$4,359,446	\$4,341,082	\$ 1,845,767	\$(7,428,217)	\$3,745,441	

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CONDENSED CONSOLIDATING BALANCE SHEETS

As of December 31, 2013

(Dollars in thousands, except for share and per share data)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non-guarantors	Eliminations	Total Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$ 11,804	\$ 20,988	\$ —	\$ —	\$ —	\$ 32,792
Restricted cash	—	6,146	—	—	—	6,146
Accounts receivable, less allowance for doubtful accounts of \$5,306	—	—	—	264,805	—	264,805
Trade receivable	—	—	4,419	—	—	4,419
Prepaid expenses and other current assets	—	5,948	62,945	—	—	68,893
Total current assets	11,804	33,082	67,364	264,805	—	377,055
Property and equipment, net	—	3,272	251,430	—	—	254,702
Broadcast licenses	—	—	—	1,596,337	—	1,596,337
Other intangible assets, net	—	—	315,490	—	—	315,490
Goodwill	—	—	1,256,741	—	—	1,256,741
Investment in consolidated subsidiaries	589,163	3,824,690	1,118,952	—	(5,532,805 )	—
Intercompany receivables	—	88,227	1,011,218	24,090	(1,123,535 )	—
Other assets	—	46,774	22,440	896	—	70,110
Total assets	\$ 600,967	\$ 3,996,045	\$ 4,043,635	\$ 1,886,128	\$ (6,656,340)	\$ 3,870,435
Liabilities and Stockholders' Equity (Deficit)						
Current liabilities:						
Accounts payable and accrued expenses	\$ —	\$ 24,966	\$ 121,521	\$ 50	\$ —	\$ 146,537
Trade payable	—	—	3,846	—	—	3,846
Current portion of long-term debt	—	5,937	—	—	—	5,937
Total current liabilities	—	30,903	125,367	50	—	156,320
Long-term debt, excluding 7.75% senior notes	—	1,985,956	—	—	—	1,985,956
7.75% senior notes	—	610,000	—	—	—	610,000
Secured loan	—	—	—	25,000	—	25,000
Other liabilities	—	10,430	69,483	—	—	79,913
Intercompany payables	88,227	769,593	—	265,715	(1,123,535 )	—
Deferred income taxes	—	—	24,095	476,411	—	500,506
Total liabilities	88,227	3,406,882	218,945	767,176	(1,123,535 )	3,357,695
Stockholders' equity (deficit):	2,223	—	—	—	—	2,223

Class A common stock, par value \$0.01 per share; 750,000,000 shares authorized; 222,399,019 shares issued and 198,193,819 shares outstanding							
Class B common stock, par value \$0.01 per share; 600,000,000 shares authorized; 15,424,944 shares issued and outstanding	154	—	—	—	—	—	154
Class C common stock, par value \$0.01 per share; 644,871 shares authorized; 644,871 shares issued and outstanding	6	—	—	—	—	—	6
Treasury stock, at cost, 24,205,200 shares	(251,193 )	—	—	—	—	—	(251,193 )
Additional paid-in-capital	1,603,669	223,412	3,983,196	2,092,725	(6,299,333 )		1,603,669
Accumulated (deficit) equity	(842,119 )	365,751	(158,506 )	(973,773 )	766,528		(842,119 )
Total stockholders' equity (deficit)	512,740	589,163	3,824,690	1,118,952	(5,532,805 )		512,740
Total liabilities and stockholders' equity (deficit)	\$ 600,967	\$ 3,996,045	\$ 4,043,635	\$ 1,886,128	\$ (6,656,340)		\$ 3,870,435



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## CUMULUS MEDIA INC.

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2014

(Dollars in thousands)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non-guarantors	Eliminations	Total Consolidated
Cash flows from operating activities:						
Net income (loss)	\$ 11,769	\$ 17,379	\$ 148,874	\$ (1,414 )	\$ (164,839 )	\$ 11,769
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:						
Depreciation and amortization	—	1,619	113,656	—	—	115,275
Amortization of debt issuance costs/discounts	—	9,302	—	191	—	9,493
Provision for doubtful accounts	—	—	4,302	—	—	4,302
Gain on sale of assets or stations	—	—	(1,342 )	—	—	(1,342 )
Fair value adjustment of derivative instruments	—	21	—	—	—	21
Deferred income taxes	(3,739 )	(81,993 )	93,576	(942 )	—	6,902
Stock-based compensation expense	—	17,638	—	—	—	17,638
Earnings from consolidated subsidiaries	(17,379 )	(148,874 )	1,414	—	164,839	—
Changes in assets and liabilities	—	349,463	(368,911 )	(7,814 )	—	(27,262 )
Net cash (used in) provided by operating activities	(9,349 )	164,555	(8,431 )	(9,979 )	—	136,796
Cash flows from investing activities:						
Proceeds from exchange of assets or stations	—	—	15,843	—	—	15,843
Restricted cash	—	(3,909 )	—	—	—	(3,909 )
Acquisitions less cash acquired	—	—	(8,500 )	—	—	(8,500 )
Capital expenditures	—	(1,000 )	(18,006 )	—	—	(19,006 )
Net cash used in investing activities	—	(4,909 )	(10,663 )	—	—	(15,572 )
Cash flows from financing activities:						
Intercompany transactions, net	(3,188 )	(50,909 )	19,097	35,000	—	—

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Repayments of borrowings under revolving credit facilities	—	(121,125 )	—	(35,000 )	—	(156,125 )
Proceeds from borrowings under term loans and revolving credit facilities	—	—	—	10,000	—	10,000
Tax withholding payments on behalf of employees	—	(1,332 )	—	—	—	(1,332 )
Proceeds from exercise of warrants	113	—	—	—	—	113
Proceeds from exercise of options	620	—	—	—	—	620
Deferred financing costs	—	—	—	(21 )	—	(21 )
Net cash provided by (used in) financing activities	(2,455 )	(173,366 )	19,097	9,979	—	(146,745 )
(Decrease) increase in cash and cash equivalents	(11,804 )	(13,720 )	3	—	—	(25,521 )
Cash and cash equivalents at beginning of period	11,804	20,988	—	—	—	32,792
Cash and cash equivalents at end of period	\$ —	\$ 7,268	\$ 3	\$ —	\$ —	\$ 7,271

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## CUMULUS MEDIA INC.

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2013

(Dollars in thousands)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non- guarantors	Eliminations	Total Consolidated
Cash flows from operating activities:						
Net income (loss)	\$ 176,083	\$ 183,142	\$ 339,604	\$(1,394 )	\$(521,352 )	\$ 176,083
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:						
Depreciation and amortization	—	1,913	115,038	—	—	116,951
Amortization of debt issuance costs/discount	—	9,905	—	14	—	9,919
Provision for doubtful accounts	—	—	3,349	—	—	3,349
Gain on sale of assets or stations	—	—	(3,685 )	—	—	(3,685 )
Gain on exchange of assets or stations	—	—	(108,158 )	—	—	(108,158 )
Fair value adjustment of derivative instruments	—	23	(1,852 )	—	—	(1,829 )
Deferred income taxes	—	—	(77,551 )	1,173	—	(76,378 )
Stock-based compensation expense	—	10,804	—	—	—	10,804
Loss on early extinguishment of debt	—	34,934	—	—	—	34,934
Earnings from consolidated subsidiaries	(183,142 )	(339,604 )	1,394	—	521,352	—
Changes in assets and liabilities	—	46,572	(329,635 )	242,214	—	(40,849 )
Net cash (used in) provided by operating activities	(7,059 )	(52,311 )	(61,496 )	242,007	—	121,141
Cash flows from investing activities:						
Restricted cash	—	(225 )	—	—	—	(225 )
Proceeds from exchange of assets or stations	—	—	241,519	—	—	241,519
Capital expenditures	—	(495 )	(10,586 )	—	—	(11,081 )
Acquisitions less cash required	—	—	(322,838 )	—	—	(322,838 )
Net cash used in investing activities	—	(720 )	(91,905 )	—	—	(92,625 )
Cash flows from financing activities:						

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Intercompany transactions, net	(70,524 )	189,671	146,950	(266,097 )	—	—
Repayments of borrowings under revolving credit facilities	—	(2,111,688 )	—	—	—	(2,111,688 )
Tax withholding paid on behalf of employees	(337 )	—	—	—	—	(337 )
Preferred stock dividends	(9,395 )	—	—	—	—	(9,395 )
Proceeds from exercise of warrants	93	—	—	—	—	93
Proceeds from exercise of options	818	—	—	—	—	818
Redemption of preferred stock	(150,391 )	—	—	—	—	(150,391 )
Proceeds from borrowings under term loans and revolving credit facilities	—	2,002,308	—	25,000	—	2,027,308
Proceeds from issuance of common equity securities	94,300	—	—	—	—	94,300
Proceeds from issuance of preferred stock	77,241	—	—	—	—	77,241
Deferred financing costs	—	(6,272 )	—	(910 )	—	(7,182 )
Financing costs paid in connection with the issuance of equity securities	(4,541 )	—	—	—	—	(4,541 )
Net cash (used in) provided by financing activities	(62,736 )	74,019	146,950	(242,007 )	—	(83,774 )
(Decrease) increase in cash and cash equivalents	(69,795 )	20,988	(6,451 )	—	—	(55,258 )
Cash and cash equivalents at beginning of period	81,599	—	6,451	—	—	88,050
Cash and cash equivalents at end of period	\$ 11,804	\$ 20,988	\$ —	\$ —	\$ —	\$ 32,792

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## CUMULUS MEDIA INC.

## CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2012

(Dollars in thousands)

	Cumulus Media Inc. (Parent Guarantor)	Cumulus Media Holdings Inc. (Subsidiary Issuer)	Subsidiary Guarantors	Subsidiary Non- guarantors	Eliminations	Total Consolidated
Cash flows from operating activities:						
Net (loss) income	\$ (32,729 )	\$ 28,407	\$ 226,875	\$ 20,315	\$ (275,597 )	\$ (32,729 )
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:						
Depreciation and amortization	2,671	—	140,632	—	—	143,303
Amortization of debt issuance costs/discounts	—	10,130	—	—	—	10,130
Provision for doubtful accounts	—	—	3,694	—	—	3,694
Gain on sale of assets or stations	—	—	2,277	—	—	2,277
Gain on exchange of assets or stations	—	—	(37,990 )	(24,977 )	—	(62,967 )
Fair value adjustment of derivative instruments	332	—	(12 )	—	—	320
Impairment of intangible assets	—	—	127,141	—	—	127,141
Deferred income taxes	—	—	(28,681 )	10,454	—	(18,227 )
Stock-based compensation expense	11,893	—	—	—	—	11,893
Loss on early extinguishment of debt	—	2,432	—	—	—	2,432
Earnings from consolidated subsidiaries	(28,407 )	(226,875 )	(20,315 )	—	275,597	—
Changes in assets and liabilities	(80,084 )	3,075	87,256	(18,024 )	—	(7,777 )
Net cash (used in) provided by operating activities	(126,324 )	(182,831 )	500,877	(12,232 )	—	179,490
Cash flows from investing activities:						
Restricted cash	(2,067 )	—	—	—	—	(2,067 )
Proceeds from sale of assets or stations	1,897	—	—	—	—	1,897
Capital expenditures	(722 )	—	(5,885 )	—	—	(6,607 )
Proceeds from exchange of assets or stations	—	—	114,918	—	—	114,918
Acquisition less cash required	—	—	(9,998 )	—	—	(9,998 )

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Net cash (used in) provided by investing activities	(892 )	—	99,035	—	—	98,143
Cash flows from financing activities:						
Intercompany transactions, net	263,963	336,144	(612,339 )	12,232	—	—
Repayment of borrowings under term loans and revolving credit facilities	—	(174,313 )	—	—	—	(174,313 )
Tax withholding payments on behalf of employees	(1,952 )	—	—	—	—	(1,952 )
Preferred stock dividends	(15,017 )	—	—	—	—	(15,017 )
Proceeds from exercise of warrants	142	—	—	—	—	142
Proceeds from borrowings under term loans and revolving credit facilities	—	21,000	—	—	—	21,000
Deferred financing costs	(802 )	—	—	—	—	(802 )
Redemption of preferred stock	(49,233 )	—	—	—	—	(49,233 )
Net cash provided by (used in) financing activities	197,101	182,831	(612,339 )	12,232	—	(220,175 )
Increase (decrease) in cash and cash equivalents	69,885	—	(12,427 )	—	—	57,458
Cash and cash equivalents at beginning of period	11,714	—	18,878	—	—	30,592
Cash and cash equivalents at end of period	\$ 81,599	\$ —	\$ 6,451	\$ —	\$ —	\$ 88,050

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SCHEDULE II  
 CUMULUS MEDIA INC.  
 FINANCIAL STATEMENT SCHEDULE  
 VALUATION AND QUALIFYING ACCOUNTS

Fiscal Year	Balance at Beginning of Year	Charged to Costs and Expenses	Deductions	Balance at End of Year
Allowance for doubtful accounts				
2014	\$5,306	\$4,302	\$(3,604)	) \$6,004
2013	\$4,131	\$3,349	\$(2,174)	) \$5,306
2012	\$2,765	\$3,694	\$(2,328)	) \$4,131
Valuation allowance on deferred taxes				
2014	\$16,802	\$2,189	\$—	\$18,991
2013	\$171,062	\$—	\$(154,260)	) \$16,802
2012	\$201,238	\$—	\$(30,176)	) \$171,062

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12.1	Computation of Ratio of Earnings to Fixed Charges.
21.1	Subsidiaries of Cumulus Media Inc.
23.1	Consent of PricewaterhouseCoopers LLP.
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Officer Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.