

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**In re:** : **Chapter 11**  
:   
**CUMULUS MEDIA INC., et al.,** : **Case No. 17-13381 (SCC)**  
:   
**Debtors.**<sup>1</sup> : **(Jointly Administered)**  
:   
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**DECLARATION OF JACOB A. ADLERSTEIN IN SUPPORT OF DEBTORS' MOTION  
FOR ENTRY OF AN ORDER AUTHORIZING THE DEBTORS TO CONTINUE  
CERTAIN ORDINARY COURSE INCENTIVE COMPENSATION PROGRAMS  
AND PAY CERTAIN CLAIMS RELATED THERETO**

I, Jacob A. Adlerstein, a member of the Bar of the State of New York, declare as follows:

1. I am a member of the law firm of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, NY 10019, counsel for the Debtors in the above-captioned matter.

2. I respectfully submit this declaration in further support of the *Debtors' Motion for Entry of an Order Authorizing the Debtors to Continue Certain Ordinary Course Incentive Compensation Programs and Pay Certain Claims Related Thereto* [ECF No. 300] (the "Motion")<sup>2</sup> and to transmit to the Court copies of certain documents referenced in the Debtors' reply in support of the Motion filed contemporaneously herewith. True and correct copies of the documents listed below are attached as exhibits to this Declaration.

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<sup>1</sup> The last four digits of Cumulus Media Inc.'s tax identification number are 9663. Because of the large number of Debtors in these Chapter 11 Cases, for which the Debtors have been granted joint administration, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <http://dm.epiq11.com/cumulus>. The location of the Debtors' service address is: 3280 Peachtree Road, N.W., Suite 2200, Atlanta, Georgia 30305.

<sup>2</sup> Capitalized terms used but not otherwise defined herein have the meanings used in the Motion.

3. Exhibit A is the Expert Report of Zach Georgeson, dated February 27, 2018.
4. Exhibit B is a November 1, 2017 email from Kate Doorley, with the subject line “[External] RE: CMLS: Term sheets,” and certain of its attachments, produced as CMLS00188641, CMLS00188643, and CMLS00188689.
5. Exhibit C is a January 2016 email chain, with the subject line “Fwd: Executive Incentive Plan,” produced as CMLS00008410.
6. Exhibit D is a January 2016 email chain, with the subject line “RE: Executive Incentive Plan,” produced as CMLS00008534.
7. Exhibit E is an excerpt from the deposition transcript of Todd McCarty, dated March 1, 2018.
8. Exhibit F is Ex. 10.7 of Cumulus Media Inc.’s Form 8-K filed Sept. 22, 2011.
9. Exhibit G is excerpts from the deposition transcript of Zach Georgeson, dated March 7, 2018.
10. Exhibit H is an excerpt from the deposition transcript of John Abbot, dated March 5, 2018.
11. Exhibit I is a 2018 Budget Presentation, produced as CMLS00169761.
12. Exhibit J is an excerpt from a Hearing Transcript in *In re Energy Future Holdings Corp.*, Case No. 14-10979 (CSS) (Bankr. D. Del. Dec. 1, 2014).
13. Exhibit K is an excerpt from Hearing Transcript in *In re Tribune*, Case No. 08-13141 (KJC) (Bankr. D. Del. May 15, 2009).
14. Exhibit L is excerpts from the deposition transcript of Harvey Benenson, dated March 8, 2018.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 9, 2018  
New York, New York

/s/ Jacob A. Adlerstein  
Jacob A. Adlerstein

# Exhibit A

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***In re: Cumulus Media Inc., et al., No. 17-13381 (SCC) (Bankr. S.D.N.Y.)***

**Expert Report of Zach Georgeson**

February 27, 2018

## Introduction

### Scope and Summary of Opinions

- This report analyzes the 2017 and 2018 Quarterly Incentive Plan (“QIP”) and Supplemental Incentive Plan (“SIP”) of Cumulus Media Inc. and its affiliated debtors and debtors in possession (“Cumulus” or the “Debtors”).
- For the reasons explained within this report, it is my opinion that the 2017 and 2018 QIP and SIP are reasonable, generally consistent with market practice, and designed to incentivize the Debtors’ key management personnel and align their interests with the interests of the Debtors’ key stakeholders.
- Moreover, it is my opinion that the terms of the 2017 and 2018 QIP and SIP are reasonable, both for Cumulus’s business and as compared to similar plans adopted by media companies and other similar companies in the chapter 11 context.
- The following supplemental information is provided in the appendices to this report:
  - Further details regarding our methodology and analysis (Appendix A)
  - A list of materials on which we relied in our analysis (Appendix B)
  - Zach Georgeson’s biography, qualifications, and prior expert testimony within the last four years (Appendix C)
  - Current hourly billing rates for WTW associates that contributed to the analysis (Appendix D)

## Introduction

### Background

- In 2017, Willis Towers Watson was engaged and authorized by the Compensation Committee of Cumulus's Board of Directors (the "Committee") to advise on potential compensation strategies, provide relevant market data and develop incentive plan design approaches.
  - I understood that the Committee had determined to review these programs as a result of the Debtors' financial issues and the decline in value of the Debtors' historical equity-based compensation, with the objective of ensuring that the Debtors' overall compensation program incentivized management to preserve and enhance enterprise value for the benefit of the Debtors' economic stakeholders.
  - My understanding of the objective of this assignment was that the Committee sought to develop a reasonable approach to management compensation consistent with market practice that aligned the interests of key corporate and business unit leaders with the interests of the Debtors' stakeholders while preserving the standards and economics established by the Debtors' existing short- and long-term incentive programs.

## Introduction

### Background

- My team and I performed three types of analyses with respect to market practice (described more fully in Appendix A).
  - First, as a reference point for competitive compensation levels for the Debtors' five highest paid executives, my team and I reviewed proxy data from a group of twelve similarly-sized public companies with media businesses.
  - Second, for the remaining participants in the Debtors' short-term incentive plan, my team and I reviewed compensation data from the 2016 Willis Towers Watson CDB Media Industry Executive Survey, based on our understanding of each participant's job duties and responsibilities within the Debtors' organization.
  - Third, my team and I reviewed the annual incentive programs of the aforementioned twelve public companies with media businesses as well as incentive programs approved in Chapter 11 proceedings for twenty companies (from various industries) with comparable revenues to the Debtors.
- Based on our analyses, WTW advised on certain modifications to the Debtors' existing programs that resulted in the development of the 2017 QIP and SIP, which we presented to the Committee and the full Board in May 2017.



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## Introduction

### Background

- The following slides describe WTW's analysis of the 2017 QIP and SIP presented to the Committee and the full Board in May 2017, followed by WTW's analysis of the 2018 QIP and SIP.

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## Introduction

**May 16, 2017 Report**

### Key Operating Assumptions

- Based on initial discussions with outside counsel and management, we assumed:
  - All legacy equity grants are of de minimis value
  - There is no expectation of additional equity grants in the near term
  - Cumulus has approximate annual revenues of \$1.125 B, debt of \$2.384 B and assets of \$2.413 B
  - Cumulus would like for any restructuring incentive plan to:
    - Be conservative in its approach to management compensation
    - Preserve the standards and economics established by the 2017 Annual Incentive Plan as previously approved by the Compensation Committee
    - Support the overall goals of incentivizing employees to preserve and enhance enterprise value and minimizing the negative impact of the restructuring process
    - Allow the participation of all thirteen (13) members of its Leadership Team
    - Reflect market-based incentive plans previously approved in the chapter 11/debt restructuring context
    - Be capable of withstanding scrutiny from outside interested parties

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## Current Compensation Analysis

May 16, 2017 Report

- The following exhibit details Cumulus' current target total direct compensation levels (comprised of just base salary and target annual bonus incentives) for each executive officer as compared to market target total direct compensation levels
- Cumulus' compensation places them 24% below the 25th percentile Target Total Direct Compensation

Cumulus Media			% Difference Between Current Salary Plus Target Annual Incentive and Competitive Target Total Direct Compensation		
Executive Position	Incumbent	Benchmark	25th Percentile	50th Percentile	75th Percentile
<b><u>Proxy Data Comparisons</u></b>					
President & CEO	Mary Berner	Proxy: CEO	-34%	-54%	-58%
EVP & CFO	John Abbot	Proxy: CFO	-17%	-32%	-52%
Pres WW One/EVP Corp Marketing	Suzanne Grimes	Proxy: 3rd Highest Paid	-37%	-42%	-60%
General Counsel	Richard Denning	Proxy: 4th Highest Paid	-38%	-56%	-67%
Radio Station Group EVP		Proxy: 5th Highest Paid	-30%	-52%	-63%
<b><u>Survey Data Comparisons</u></b>					
CHRO & SVP of HR		Survey: Top HR Exec	67%	11%	-26%
Radio Station Group EVP		Survey: Segment Head	-15%	-40%	-58%
EVP Programming		Survey: Top Media Prgm'g Exec	56%	-21%	-55%
<b>Overall Competitive Positioning:</b>			<b>-24%</b>	<b>-45%</b>	<b>-57%</b>

**Notes:**

1) Target total direct compensation equals target total cash compensation plus the annualized expected value of long-term incentives.

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## QIP Design

### Proposed Design

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- The chart below details the proposed QIP design:

Element	Proposed Design	Willis Towers Watson's Observations
Participation	<ul style="list-style-type: none"> <li>• Plan will have up to 13 total participants: <ul style="list-style-type: none"> <li>• President &amp; Chief Executive Officer</li> <li>• EVP &amp; Chief Financial Officer</li> <li>• President WW One/EVP Corp Marketing</li> <li>• General Counsel</li> <li>• Radio Station Group EVP (2)</li> <li>• President Sales, Westwood One</li> <li>• CHRO &amp; SVP of HR</li> <li>• EVP Programming</li> <li>• Chief Operating Officer, Westwood One</li> <li>• SVP Strategy and Development</li> <li>• SVP Engineering</li> <li>• Chief Marketing Officer</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Key Employee Incentive Plan eligibility often limited to "insiders" and positions at an equivalent level in the organization</li> <li>• Plan participation tends to be more limited in post-petition executive incentive plans, and can vary based on a variety of factors, i.e., organization structure, criticality to the business, culture &amp; philosophy, etc. Participation generally ranges from 6 to 9 at the median and 75<sup>th</sup> percentile, respectively</li> </ul>
Form of Payment	<ul style="list-style-type: none"> <li>• Cash</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent with market practice</li> <li>• Appropriate given Cumulus's current inability to grant equity</li> </ul>

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## QIP Design

### Proposed Design (cont'd)

May 16, 2017 Report

Element	Proposed Design	Willis Towers Watson's Observations
Performance Measurement Period	<ul style="list-style-type: none"> <li>Performance would be measured at end of each 2017 quarter as follows: <ul style="list-style-type: none"> <li>Period 1: Q1 2017 performance</li> <li>Period 2: Q1-Q2 2017 cumulative performance</li> <li>Period 3: Q1-Q3 2017 cumulative performance</li> <li>Period 4: Q1-Q4 2017 cumulative performance</li> </ul> </li> <li>After the end of each period, the actual results will be compared to the target levels <ul style="list-style-type: none"> <li>If target levels are met or exceeded, 25% of the total annual bonus opportunity would be awarded</li> <li>If target levels are not met, there is no payment for that period</li> </ul> </li> <li>Payments above "target" will not be made until a full year calculation is made at the end of the fourth quarter of 2017 <ul style="list-style-type: none"> <li>At that point actual annual performance will be compared to the threshold, target and maximum performance goals</li> <li>The full-year bonus payment will be calculated for each individual in the plan</li> <li>The total of any payments made for periods 1, 2, and 3 would be subtracted from the full year bonus payout calculated above, and the remainder would be paid to each eligible individual</li> </ul> </li> <li>The maximum cost of the plan is not increased due to the "true-up" feature of the QIP design; "true-up" only applies to the final year-end comparison to target performance</li> <li>Quarterly awards that have been paid would not be subject to a "clawback" to the extent any cumulative targets were not achieved</li> </ul>	<ul style="list-style-type: none"> <li>Based on market data and our consulting experience, non-annual performance metrics are common from a post-petition incentive perspective</li> <li>"A "true-up" helps to ensure that aggregate pay and performance are aligned over the full performance period and incentivizes management throughout the period or year (even following a difficult quarter)</li> </ul>

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## QIP Design

### Proposed Design (cont'd)

May 16, 2017 Report

Element	Proposed Design	Willis Towers Watson's Observations
Performance Metrics, Weightings and Ranges	<ul style="list-style-type: none"> <li>Cumulus has already established 2017 annual and quarterly EBITDA goals and ranges and <u>there will not be any changes to these performance targets</u></li> <li>Metrics and weightings would vary based on the executives' primary responsibility: <ul style="list-style-type: none"> <li>Corporate Leaders: Awards based 100% on Company EBITDA</li> <li>Business Unit leaders: Awards based 75% on Company EBITDA and 25% on Unit EBITDA</li> </ul> </li> <li>Threshold, target and maximum payout levels are set at a sliding scale from 25% through 150% of target <u>and are not being changed</u></li> </ul>	<ul style="list-style-type: none"> <li>EBITDA is both a reasonable and commonly used metric, both in the normal course and within the context of restructuring, and we are supportive of its inclusion in the QIP</li> <li>Out of the 12 media industry comparators' annual incentive plans 58% (7 of 12) use operating income as a metric</li> <li>A blend of financial and operating metrics are commonly used in restructuring cases <ul style="list-style-type: none"> <li>Prevalent restructuring metrics include EBITDA, cash flow, key milestones, and sale of assets/distribution of proceeds</li> <li>Based on our experience, profit-based metrics are typically viewed favorably by constituents</li> </ul> </li> <li>Incentive metrics and targets are frequently challenged by the United States Trustee and other interested parties during in-court restructuring cases</li> <li>A payout curve capped at 150% is reasonable compared to the media industry and restructuring practices</li> </ul>

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## SIP Design

### Proposed Design

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- The chart below details the proposed SIP design (with key differences relative to the QIP in bold):

Element	SIP Design
Participation	<ul style="list-style-type: none"> <li>Six key employees will participate: CEO, CFO, Pres WW One, GC, Radio Group EVPs (2)</li> </ul>
Payment	<ul style="list-style-type: none"> <li>Fixed cash payments, earned in ratable installments over the final three calendar quarters of 2017</li> </ul>
Performance Ranges / Goals	<ul style="list-style-type: none"> <li>Threshold and maximum payout levels are set at a sliding scale from 25% to 150% of target and are not being changed</li> <li>Same pre-established performance metrics as QIP (2017 annual and quarterly EBITDA goals)                             <ul style="list-style-type: none"> <li><b>SIP payments wouldn't impact broader bonus plan (i.e., SIP payments excluded from bonus plan EBITDA results)</b></li> <li><b>For the assessment of SIP performance, EBITDA results would be reduced by any amounts paid/expensed under the SIP (i.e., making the SIP self-funding)</b></li> </ul> </li> </ul>
Measurement Period	<ul style="list-style-type: none"> <li>Performance for the SIP would be measured at end of each of the three remaining quarters of 2017, as follows:                             <ul style="list-style-type: none"> <li><b>Period 1: Q1-Q2 2017 cumulative performance</b></li> <li><b>Period 2: Q1-Q3 2017 cumulative performance</b></li> <li><b>Period 3: Q1-Q4 2017 cumulative performance</b></li> </ul> </li> </ul>
"True Up"	<ul style="list-style-type: none"> <li>Similar to the QIP, payments above "target" will not be made until a full year calculation is made at the end of the fourth quarter of 2017, and there would be a "true up" for cumulative performance at the end of the performance period</li> </ul>
Treatment upon Termination	<ul style="list-style-type: none"> <li><b>Differing from the QIP, all SIP awards would be subject to a "clawback" upon voluntary resignation by the employee</b></li> </ul>
Current Equity	<ul style="list-style-type: none"> <li><b>In connection with the SIP, participants would be required have their outstanding equity incentives canceled (all of which are in the form of stock options)</b></li> </ul>

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May 16, 2017 Report

## Potential Bonus Award Opportunities – Individual Proposed Values

- The table below shows potential threshold, target and maximum QIP/SIP opportunities for each SIP participant
- Assuming the adoption of the QIP/SIP:
  - Threshold total direct compensation levels fall 46% below the 25th percentile
  - Target total direct compensation levels fall 4% below the 25th percentile
  - Maximum total direct compensation levels fall 8% below the 50th percentile

Incumbent	Total Incentive Values			TDC % Variance to Market 25th / 50th / 75th %iles								
	Thresh	Target	Max	Threshold TDC vs			Target TDC vs			Maximum TDC vs		
				25th %	50th %	75th %	25th %	50th %	75th %	25th %	50th %	75th %
Mary Berner				-50%	-66%	-69%	0%	-31%	-37%	33%	-8%	-16%
John Abbot				-35%	-46%	-62%	20%	-1%	-31%	56%	29%	-10%
Suzanne Grimes				-56%	-59%	-72%	-30%	-35%	-55%	-12%	-19%	-44%
Richard Denning				-42%	-58%	-69%	0%	-28%	-46%	28%	-8%	-31%
				-45%	-63%	-71%	-24%	-48%	-60%	-10%	-38%	-53%
				-34%	-54%	-68%	2%	-29%	-50%	26%	-12%	-39%
Overall Positioning:				-46%	-60%	-68%	-4%	-29%	-44%	24%	-8%	-27%



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May 16, 2017 Report

## Total Plan Cost

- We also analyzed the total QIP/SIP cost as a percentage of revenues as compared to other restructuring organizations, assuming that the programs last for all of 2017
  - **The incremental cost of the SIP would be \$2.85 M at target, and \$4.275 M at maximum**
  - **QIP values do not represent additional compensation over what has already been approved**
- Assuming the adoption of the QIP/SIP, total costs for the six SIP employees are positioned between the 50<sup>th</sup> and 75th percentiles from a target cost perspective, and above the 75th percentile (but within the range of observed practice) from a maximum cost perspective
  - The total maximum cost for all participants (\$10.89 M) as a percentage of revenue is above the 75<sup>th</sup> percentile, but in the range of observed market practice. As noted earlier, Cumulus' 13 participants is higher than median market practice (n = 6)

	<b><i>Total Incentive Values</i></b>		
	<b><i>Thresh</i></b>	<b><i>Target</i></b>	<b><i>Max</i></b>
Top 6 EEs QIP/SIP Cost:	<b>\$1,511</b>	<b>\$6,045</b>	<b>\$9,067</b>
<i>as % of Cumulus Revs (\$1.125B):</i>	<b>0.13%</b>	<b>0.54%</b>	<b>0.81%</b>
Total Cost, Inclusive of All QIP EEs:	<b>\$1,814</b>	<b>\$7,255</b>	<b>\$10,882</b>
<i>as % of Cumulus Revs (\$1.125B):</i>	<b>0.16%</b>	<b>0.64%</b>	<b>0.97%</b>

## 2018 SIP/QIP: Total Plan Cost

- In connection with the Debtors' motion to continue the QIP, SIP and certain other ordinary course incentive compensation plans, WTW analyzed the total 2018 QIP/SIP cost as a percentage of revenues as compared to other restructuring organizations, assuming that the QIP and SIP last for all of 2018
  - The incremental cost of the 2018 SIP would be \$2.78 M at target, and \$4.18 M at maximum
- With the adoption of the 2018 QIP/SIP, total costs for the six SIP employees are positioned between the 50th and 75th percentiles from a target cost perspective, and above the 75th percentile (but within the range of observed practice) from a maximum cost perspective
  - The total maximum cost for all participants (\$10.52 M) as a percentage of revenue is above the 75th percentile, but in the range of observed market practice
  - Cumulus' 11 participants is higher than median market practice (n = 6), driving above-median positioning relative to market
- Due to the reduced number of participants as compared to 2017, the total cost of the 2018 QIP and SIP at target and maximum levels is slightly lower than the total cost of the 2017 QIP and SIP at target and maximum levels. Due to the 50% payout at threshold level (compared to 25% for 2017), the total cost of the 2018 QIP and SIP at the threshold level is higher than the total cost of the 2017 QIP and SIP at the threshold level.

		<u>Total Incentive Values</u>		
		<u>Thresh</u>	<u>Target</u>	<u>Max</u>
Top 6 EEs QIP/SIP Cost:		\$3,049	\$6,097	\$9,146
as % of Budgeted 2018 Revs (\$1.168B):		0.26%	0.52%	0.78%
Total Cost, Inclusive of All QIP EEs:		\$3,507	\$7,014	\$10,521
as % of Budgeted 2018 Revs (\$1.168B):		0.30%	0.60%	0.90%

## Opinion – 2017 and 2018 QIP and SIP

### Similarity to Prior Cumulus Programs

- The 2017 QIP was designed to be substantially similar to the Debtors' then-existing annual cash incentive compensation programs for senior management, except that the 2017 QIP provided for quarterly (rather than annual) payments based on performance relative to the quarterly and annual Board-Approved EBITDA Targets.
  - The QIP design was modified primarily because (a) my review of chapter 11 incentive plans and my consulting experience suggested that quarterly or other non-annual performance metrics and payments are common and reasonable for companies facing a potential restructuring, and (b) the “true-up” feature of the QIP would help ensure that participants remain incentivized over the full annual performance period, even following a difficult quarter.
- The 2017 SIP was developed to modify a prior long-term incentive award program (the “LTIP”) pursuant to which select senior executives were eligible to receive equity grants. In 2017, I understand that the Board determined that an equity-based plan no longer incentivized participants because of the negligible value of the Debtors' equity at the time and the uncertainty surrounding the future of their business.
  - Accordingly, the 2017 SIP sought to (a) ensure that the Debtors' overall compensation program incentivized senior management to preserve and enhance enterprise values, and (b) on a going-forward basis, provide eligible executives with performance-based incentive compensation in cash in lieu of the then-existing LTIP, which no longer served to incentivize management or align management with the long-term interests of the Debtors' stakeholders.

## Opinion – 2017 and 2018 QIP and SIP

### Similarity to Prior Cumulus Programs

- The 2018 QIP and SIP retained substantially the same terms as the 2017 QIP and SIP, with minor changes:
  - The Board-Approved EBITDA Target for the 2018 QIP and SIP was increased to \$236 million, a 12% increase from the \$210 million Board-Approved EBITDA Target used for the 2017 QIP and SIP. (WTW did not have any role in developing or reviewing the Board-Approved EBITDA Targets for 2017 or 2018.)
  - The 2018 QIP and SIP have a payout range of 50%-150% of the target bonus for achieving threshold or maximum EBITDA levels, whereas the 2017 QIP and SIP had a payout range of 25%-150%.
  - The 2018 SIP is effective for all four quarters of 2018, whereas the 2017 SIP only applied to the last three quarters of 2017 (although the total annual payment opportunities in the plans are essentially the same, just spread over four quarters in 2018 instead of three quarters in 2017).
  - The 2018 SIP is terminable at the end of any quarter in 2018 at the election of the Board.
  - The 2018 QIP has 11 participants, whereas the 2017 QIP had 13 eligible participants..
- Due to the reduction in the number of participants, the aggregate maximum cost of the 2018 QIP and SIP is lower than the maximum cost of the 2017 QIP and SIP.

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## Opinion – 2017 and 2018 QIP and SIP

### Conclusion

- Based on WTW's benchmarking process and market analysis, as described above and in Appendix A, it is my opinion that the 2017 and 2018 QIP and SIP are reasonable, generally consistent with market practice, and designed to incentivize the Debtors' key management personnel and align their interests with the interests of the Debtors' key stakeholders.
- Moreover, it is my opinion that the terms of the 2017 and 2018 QIP and SIP are reasonable, both for Cumulus's business and as compared to similar plans adopted by companies with media businesses and other similar companies in the chapter 11 context.
- Finally, it is my opinion that the absence of the QIP and SIP would significantly undermine the current competitiveness of the Debtors' compensation structure, which in turn would likely impact the Debtors' ability to incentivize current management to achieve desired business objectives, as well as the Debtors' ability to attract other skilled senior executives.

/s/ Zach Georgeson

Zach Georgeson  
Consulting Director  
Willis Towers Watson Delaware Inc.

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## Appendices

February 27, 2018

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Appendix A

### *Further Details Regarding WTW Analysis*

- The following materials, appended below, further explain WTW's analysis (*title of file in italics*):
  - Summary analysis of current design of media peer companies' annual incentive plans
    - *"Media Peers - Annual Incentive Design Analysis"*
  - Summary analysis of post-petition KEIPs' design and costs
    - *"Ch11 Peers - Post-Petition Plan Analysis"*
  - Summary analysis of QIP cost and participation levels relative to chapter 11 benchmarks
    - *"QIP Cost and Participation Analysis"*
  - Detailed proxy-based analysis of executive compensation levels of media peer companies' annual incentive plans
    - *"Media Peers - Proxy Analysis"*
  - Summary analysis of QIP compensation levels relative to proxy and survey benchmarks
    - *"Proxy and Survey Analysis (QIP)"*
  - Report addressing development of compensation peer group
    - *"Cumulus Media - Peer Group Development 170412 v1"*

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## Appendix A

### Media Peers - Annual Incentive Design Analysis

AIP Payout Metrics		Payout Range		Financial					Nonfinancial	
Company	Ticker	Threshold	Max	Revenue	Operating Income	EPS	Cash Flow	Other Financial	Other Non Financial	Individual
AMC Networks Inc.	AMCX			Yes			Yes			Yes
Entercom Communications Corp.	ETM									Yes
Gray Television, Inc.	GTN	50%	150%	Yes	Yes		Yes			
Nexstar Media Group, Inc.	NXST			Yes	Yes					Yes
Pandora Media, Inc.	P	25%	200%	Yes	Yes					
Radio One, Inc.	ROIA.K				Yes			Yes	Yes	Yes
Scripps Networks Inc.	SNI	6%	200%	Yes				Yes		
Sinclair Broadcast Group, Inc.	SBGI	25%	100%	Yes	Yes		Yes			
TEGNA INC.	TGNA			Yes	Yes	Yes	Yes		Yes	
E. W. Scripps Company	SSP	50%	150%	Yes			Yes			
Townsquare Media, Inc.	TSQ									Yes
Tribune Media Company	TRCO	50%	150%		Yes					Yes

Peer Median 37.5% 150%

Peer Prevalence 67% 58% 8% 42% 17% 17% 50%



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## Appendix A

### Ch11 Peers - Post-Petition Plan Analysis

#### Companies Operating Under Bankruptcy Protection Key Employee Incentive Plans Summary

Company	Petition Date	Revenue Est. (\$ Mil)	Maximum Plan Costs	Maximum Cost per Covered Employee	Maximum Cost as a %age of Revenue	Number of Employees Covered	Threshold Payout % of Target	Maximum Payout % of Target	Use of Financial Metrics	Use of Non-Annual Measurement
Borders Group	Feb-11	\$2,252,800,000	\$ 2,700,000	\$ 180,000	0.12%	15	N/D	N/D	x	x
Buffets Restaurants Holdings	Jan-12	\$1,030,000,000	\$ 2,302,607	\$ 135,447	0.22%	17	N/D	N/D	x	x
Coldwater Creek	Apr-14	\$742,472,000	\$ 1,700,000	\$ 425,000	0.23%	4	N/D	N/D		x
Eastman Kodak	Jan-12	\$2,719,000,000	\$ 17,640,000	\$ 1,176,000	0.65%	15	0%	200%	x	x
Furniture Brands International	Sep-13	\$1,072,300,000	\$ 3,500,000	\$ 500,000	0.33%	7	31%	135%		x
Gander Mountain Company Inc.	Mar-17	\$1,086,775,000	\$ 2,700,000	\$ 900,000	0.25%	3	67%	133%	x	x
James River Coal	Apr-14	\$1,099,609,000	\$ 2,711,148	\$ 301,239	0.25%	9	62%	188%	x	x
Linn Energy	May-16	\$1,583,496,000	\$ 11,647,500	\$ 1,941,250	0.74%	6	N/D	N/D	x	Quarterly
Maxus Energy Corporation	Jun-16	\$741,700,000	\$ 1,425,000	\$ 475,000	0.19%	3	80%	120%		x
Molycorp	Jun-15	\$475,612,000	\$ 2,095,000	\$ 209,500	0.44%	10	N/D	N/D	x	
Orchard Supply Hardware Stores	Jun-13	\$657,313,000	\$ 3,175,000	\$ 635,000	0.48%	5	N/D	N/D		x
Overseas Shipholding Group	Nov-12	\$1,123,800,000	\$ 12,200,000	\$ 61,000	1.09%	200	0%	124%		
Patriot Coal	May-15	\$1,462,100,000	\$ 3,500,000	\$ 700,000	0.24%	5	N/D	N/D	x	x
Quicksilver	Feb-16	\$1,345,940,000	\$ 1,469,500	\$ 489,833	0.11%	3	33%	100%		x
Radioshack Corporation	Feb-15	\$2,800,000,000	\$ 2,000,000	\$ 250,000	0.07%	8	N/D	N/D		x
Republic Airways Holding	Feb-16	\$1,344,000,000	\$ 4,690,000	\$ 781,667	0.35%	6	50%	200%	x	Quarterly
Sabine	Jun-15	\$450,000,000	\$ 9,016,817	\$ 1,001,869	2.00%	9	50%	150%	x	x
Samson Resources	Sep-15	\$824,704,000	\$ 5,786,450	\$ 1,928,817	0.70%	3	N/D	N/D	x	Quarterly
Trident Microsystems	Jul-12	\$557,198,000	\$ 3,660,000	\$ 610,000	0.66%	6	N/D	N/D		x
Ultra Petroleum Corp.	Apr-16	\$711,078,000	\$ 2,132,015	\$ 355,336	0.30%	6	N/D	N/D	x	Quarterly
25th %ile		\$ 734,044,500	\$ 2,122,761	\$ 288,429	0.23%	5	31%	124%		
50th %ile		\$ 1,079,537,500	\$ 2,943,074	\$ 494,917	0.31%	6	50%	135%		
75th %ile		\$ 1,374,980,000	\$ 4,964,113	\$ 811,250	0.65%	9	62%	188%		

#### Prevalence

60% 90%

Note: Slide has been updated subsequent to WTW's May 2017 analysis.

## Appendix A

### QIP Cost and Participation Analysis

- We also analyzed the QIP cost as a percentage of revenues as compared to other restructuring organizations, assuming that the QIP lasts for the four quarters of 2017
- As shown below, QIP costs are positioned between the 50<sup>th</sup> and 75<sup>th</sup> percentiles both from a target and maximum cost perspective
  - We would also note that Cumulus' number of participants is higher than many companies in the sample (median participants = 6), driving above-median positioning relative to market

QIP Cost (\$)	Incentive Cost as a % of Revenue					
	<u>Cumulus QIP Cost</u>		<u>Restructuring Orgs Max Cost</u>			
	% of Rev	Positioning	25th %ile	50th %ile	75th %ile	Max
<b>Maximum</b>	<b>0.59%</b>	<b>50th - 75th %ile</b>	<b>0.23%</b>	<b>0.31%</b>	<b>0.65%</b>	<b>2.00%</b>
<b>Target</b>	<b>0.39%</b>	<b>50th - 75th %ile</b>				

*Note: Slide has been updated subsequent to WTW's May 2017 analysis.*

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## Appendix A

### Media Peers - Proxy Analysis – CEO

#### Chief Executive Officer Total Compensation Summary

(\$000)

Company	Position	Revenue (\$M)	Total Compensation Opportunity				
			Base Salary <sup>1</sup>	Target Annual Bonus \$ % Base	Target Total Cash <sup>2</sup>	Actual LTI Value <sup>3</sup>	Target Total Direct Comp <sup>4</sup>
Amc Networks Inc.	Pres & CEO	\$2,581	\$2,000	\$4,000 200%	\$6,000	\$13,000	\$19,000
Entercom Communications Corp.	CEO	\$460	\$975	\$1,462 150%	\$2,437	\$3,586	\$6,023
Gray Television, Inc.	Chairman, Pres & CEO	\$812	\$955	\$955 100%	\$1,910	\$1,910	\$3,820
Nexstar Media Group, Inc.	Chairman, President & CE	\$896	\$1,500	\$1,500 100%	\$3,000	\$3,835	\$6,835
Pandora Media, Inc.	CEO	\$1,164	\$550	\$550 100%	\$1,100	\$5,573	\$6,673
Radio One, Inc.	CEO & Pres	\$451	\$1,250	\$1,250 100%	\$2,500	\$2,054	\$4,554
Scripps Networks Interactive, Inc.	Chairman, Pres & CEO	\$3,401	\$2,000	\$4,000 200%	\$6,000	\$9,946	\$15,946
Sinclair Broadcast Group, Inc.	Pres & CEO	\$2,219	\$1,000	\$1,000 100%	\$2,000	\$2,567	\$4,567
Tegna Inc.	Pres & CEO	\$3,341	\$1,000	\$1,250 125%	\$2,250	\$5,000	\$7,250
The E. W. Scripps Company	Chairman, Pres & CEO	\$943	\$975	\$926 95%	\$1,901	\$1,888	\$3,789
Townsquare Media, Inc.	Chairman & CEO	\$441	\$750	-- --	\$1,175	\$1,472	\$2,647
Tribune Media Company	Former Pres & CEO	\$1,948	\$1,600	\$1,500 94%	\$3,100	\$3,754	\$6,854

n =12

75th Percentile	\$2,310	\$1,525	\$1,500	138%	\$3,025	\$5,143	\$6,953
Median	\$1,054	\$1,000	\$1,250	100%	\$2,344	\$3,670	\$6,348
25th Percentile	\$724	\$970	\$978	100%	\$1,908	\$2,018	\$4,370

Cumulus Media	Pres & CEO	\$1,125					
	Percentile Rank	53%	71%	59%	20%	71%	2%
	% +/- Median	7%	45%	16%	0%	24%	-54%

<sup>(1)</sup> Salary is annualized if partial year for executive

<sup>(2)</sup> Target total cash includes base salary and target bonus

<sup>(3)</sup> LTI Grant Value represents FAS ASC-718 grant value for all equity awards plus target award for long-term cash plans (one-time awards have been annualized)

<sup>(4)</sup> Target TDC (Total Direct Compensation) = base salary + target annual bonus + long-term incentives

= Reflects actual bonus payouts

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## Appendix A

### Media Peers - Proxy Analysis – CFO

#### Chief Financial Officer Total Compensation Summary (\$000)

Company	Position	Revenue (\$M)	Total Compensation Opportunity					
			Base Salary <sup>1</sup>	Target Annual Bonus \$	Target Annual Bonus % Base	Target Total Cash <sup>2</sup>	Actual LTI Value <sup>3</sup>	Target Total Direct Comp <sup>4</sup>
Amc Networks Inc.	EVP & CFO	\$2,581	\$900	\$900	100%	\$1,800	\$2,000	\$3,800
Entercom Communications Corp.	EVP & CFO	\$460	\$642	--	--	\$1,157	\$613	\$1,769
Gray Television, Inc.	EVP & CFO	\$812	\$562	\$281	50%	\$843	\$674	\$1,517
Nexstar Media Group, Inc.	CFO & EVP	\$896	\$600	\$300	50%	\$900	\$599	\$1,499
Pandora Media, Inc.	CFO	\$1,164	\$390	\$234	60%	\$624	\$2,113	\$2,737
Radio One, Inc.	EVP & CFO	\$451	\$650	\$325	50%	\$975	\$845	\$1,820
Scripps Networks Interactive, Inc.	EVP & CFO	\$3,401	\$775	\$504	65%	\$1,279	\$1,344	\$2,623
Sinclair Broadcast Group, Inc.	CFO	\$2,219	\$767	--	--	\$767	\$844	\$1,611
Tegna Inc.	EVP & CFO	\$3,341	\$688	\$688	100%	\$1,375	\$1,375	\$2,750
The E. W. Scripps Company	SVP & CFO	\$943	\$485	\$243	50%	\$728	\$749	\$1,477
Townsquare Media, Inc.	EVP & CFO	\$441	\$700	--	--	\$1,125	\$893	\$2,018
Tribune Media Company	EVP & CFO	\$1,948	\$700	\$700	100%	\$1,400	\$1,518	\$2,918

n =12

75th Percentile	\$2,310	\$717	\$688	100%	\$1,303	\$1,411	\$2,740
Median	\$1,054	\$669	\$325	60%	\$1,050	\$869	\$1,919
25th Percentile	\$724	\$590	\$281	50%	\$824	\$730	\$1,587

Cumulus Media	EVP & CFO	\$1,125						
Percentile Rank	53%		80%	66%	66%	76%	--	--
% +/- Median	7%		12%	73%	25%	25%	-100%	-32%

<sup>(1)</sup> Salary is annualized if partial year for executive

<sup>(2)</sup> Target total cash includes base salary and target bonus

<sup>(3)</sup> LTI Grant Value represents FAS ASC-718 grant value for all equity awards plus target award for long-term cash plans (one-time awards have been annualized)

<sup>(4)</sup> Target TDC (Total Direct Compensation) = base salary + target annual bonus + long-term incentives

= Reflects actual bonus payouts

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## Appendix A

### Media Peers - Proxy Analysis – 3rd Highest Paid Executive

#### Third Highest Paid Executive Officer Total Compensation Summary (\$000)

Company	Position	Revenue (\$M)	Total Compensation Opportunity				
			Base Salary <sup>1</sup>	Target Annual Bonus \$ % Base	Target Total Cash <sup>2</sup>	Actual LTI Value <sup>3</sup>	Target Total Direct Comp <sup>4</sup>
Amc Networks Inc.	EVP & CFO	\$2,581	\$900	\$900 100%	\$1,800	\$2,000	\$3,800
Entercom Communications Corp.	EVP & CFO	\$460	\$642	--	\$1,157	\$613	\$1,769
Gray Television, Inc.	EVP & CFO	\$812	\$562	\$281 50%	\$843	\$674	\$1,517
Nexstar Media Group, Inc.	EVP CRO	\$896	\$455	\$228 50%	\$683	\$320	\$1,002
Pandora Media, Inc.	Chief Strategy Officer	\$1,164	\$370	\$185 50%	\$555	\$2,113	\$2,668
Radio One, Inc.	EVP & CFO	\$451	\$650	\$325 50%	\$975	\$845	\$1,820
Scripps Networks Interactive, Inc.	EVP & CFO	\$3,401	\$775	\$504 65%	\$1,279	\$1,344	\$2,623
Sinclair Broadcast Group, Inc.	EVP & COO	\$2,219	\$869	--	\$869	\$499	\$1,368
Tegna Inc.	EVP & CFO	\$3,341	\$688	\$688 100%	\$1,375	\$1,375	\$2,750
The E. W. Scripps Company	SVP, Broadcast	\$943	\$533	\$320 60%	\$853	\$1,025	\$1,877
Townsquare Media, Inc.	EVP & Chief Content & Digital Officer	\$441	\$850	--	\$1,300	\$514	\$1,814
Tribune Media Company	Pres, Broadcast Media	\$1,948	\$850	\$925 109%	\$1,775	\$981	\$2,756

n =12

75th Percentile	\$2,310	\$850	\$688	100%	\$1,319	\$1,352	\$2,689
Median	\$1,054	\$669	\$325	60%	\$1,066	\$913	\$1,849
25th Percentile	\$724	\$555	\$281	50%	\$850	\$588	\$1,706

Cumulus Media	Pres WW One / EVP Corp Mktg	\$1,125					
	Percentile Rank	53%	32%	61%	68%	51%	2%
	% +/- Median	7%	-10%	48%	33%	1%	-42%

<sup>(1)</sup> Salary is annualized if partial year for executive

<sup>(2)</sup> Target total cash includes base salary and target bonus

<sup>(3)</sup> LTI Grant Value represents FAS ASC-718 grant value for all equity awards plus target award for long-term cash plans (one-time awards have been annualized)

<sup>(4)</sup> Target TDC (Total Direct Compensation) = base salary + target annual bonus + long-term incentives

= Reflects actual bonus payouts

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## Appendix A

### Media Peers - Proxy Analysis – 4th Highest Paid Executive

#### Fourth Highest Paid Executive Officer Total Compensation Summary (\$000)

Company	Position	Revenue (\$M)	Total Compensation Opportunity				
			Base Salary <sup>1</sup>	Target Annual Bonus \$ % Base	Target Total Cash <sup>2</sup>	Actual LTI Value <sup>3</sup>	Target Total Direct Comp <sup>4</sup>
Amc Networks Inc.	EVP & GC	\$2,581	\$725	\$544 75%	\$1,269	\$1,000	\$2,269
Entercom Communications Corp.	SVP, GC & Secretary	\$460	\$283	\$50 18%	\$333	\$150	\$484
Nexstar Media Group, Inc.	EVP & Co-COO	\$896	\$455	\$228 50%	\$683	\$320	\$1,002
Pandora Media, Inc.	Chief Revenue Officer	\$1,164	\$400	\$120 30%	\$520	\$2,113	\$2,633
Radio One, Inc.	EVP, Chief Administrative Officer	\$451	\$600	\$300 50%	\$900	\$324	\$1,224
Scripps Networks Interactive, Inc.	EVP, CLO & Corporate Secretary	\$3,401	\$680	\$442 65%	\$1,122	\$887	\$2,009
Sinclair Broadcast Group, Inc.	EVP & GC	\$2,219	\$837	-- --	\$837	\$499	\$1,336
Tegna Inc.	Pres, TEGNA Digital	\$3,341	\$615	\$461 75%	\$1,076	\$1,250	\$2,326
The E. W. Scripps Company	SVP & CFO	\$943	\$485	\$243 50%	\$728	\$749	\$1,477
Tribune Media Company	EVP, GC, Chief Strategy Officer & Corporate S	\$1,948	\$750	\$750 100%	\$1,500	\$1,204	\$2,704

n =10

75th Percentile	\$2,490	\$714	\$461	75%	\$1,111	\$1,153	\$2,312
Median	\$1,556	\$608	\$300	50%	\$869	\$818	\$1,743
25th Percentile	\$908	\$463	\$228	50%	\$694	\$368	\$1,252

Cumulus Media	General Counsel	\$1,125					
	Percentile Rank	42%	40%	24%	19%	38%	6%
	% +/- Median	-28%	-9%	-27%	-20%	-11%	-56%

<sup>(1)</sup> Salary is annualized if partial year for executive

<sup>(2)</sup> Target total cash includes base salary and target bonus

<sup>(3)</sup> LTI Grant Value represents FAS ASC-718 grant value for all equity awards plus target award for long-term cash plans (one-time awards have been annualized)

<sup>(4)</sup> Target TDC (Total Direct Compensation) = base salary + target annual bonus + long-term incentives

= Reflects actual bonus payouts

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## Appendix A

### Media Peers - Proxy Analysis – 5th Highest Paid Executive

#### Fifth Highest Paid Executive Officer Total Compensation Summary (\$000)

Company	Position	Revenue (\$M)	Total Compensation Opportunity					
			Base Salary <sup>1</sup>	Annual Bonus \$	% Base	Total Cash <sup>2</sup>	Actual LTI Value <sup>3</sup>	Total Direct Comp <sup>4</sup>
Amc Networks Inc.	Executive Chairman	\$2,581	\$400	\$700	175%	\$1,100	\$950	\$2,050
Entercom Communications Corp.	VP, Treasurer & Controller	\$460	\$217	–	–	\$247	\$47	\$294
Nexstar Media Group, Inc.	EVP & Co-COO	\$896	\$455	\$228	50%	\$683	\$320	\$1,002
Pandora Media, Inc.	CMO	\$1,164	\$335	\$168	50%	\$503	\$1,582	\$2,085
Radio One, Inc.	CEO Radio	\$451	\$807	\$100	12%	\$907	\$29	\$936
Scripps Networks Interactive, Inc.	EVP, Global Ops & Chief Technology Officer	\$3,401	\$600	\$390	65%	\$990	\$782	\$1,772
Sinclair Broadcast Group, Inc.	Co-COO, Sinclair Television Group	\$2,219	\$869	\$148	17%	\$1,017	\$187	\$1,204
Tegna Inc.	EVP, Chief Legal & Administrative Officer	\$3,341	\$600	\$420	70%	\$1,020	\$875	\$1,895
The E. W. Scripps Company	SVP CAO	\$943	\$420	\$210	50%	\$630	\$667	\$1,297
Tribune Media Company	EVP & CEO, Gracenote Inc.	\$1,948	\$800	\$800	100%	\$1,600	\$1,095	\$2,695

n =10

75th Percentile	\$2,490	\$750	\$420	70%	\$1,019	\$931	\$2,011
Median	\$1,556	\$528	\$228	50%	\$949	\$725	\$1,535
25th Percentile	\$908	\$405	\$168	50%	\$643	\$220	\$1,053

Cumulus Media	Radio Station Group EVP	\$1,125						
	Percentile Rank	42%	48%	51%	24%	36%	–	8%
	% +/- Median	-28%	-5%	4%	-5%	-22%	-100%	-52%

<sup>(1)</sup> Salary is annualized if partial year for executive

<sup>(2)</sup> Target total cash includes base salary and target bonus

<sup>(3)</sup> LTI Grant Value represents FAS ASC-718 grant value for all equity awards plus target award for long-term cash plans (one-time awards have been annualized)

<sup>(4)</sup> Target TDC (Total Direct Compensation) = base salary + target annual bonus + long-term incentives

= Reflects actual bonus payouts

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## Appendix A

### Proxy and Survey Analysis (QIP)

- The following exhibit details Cumulus' current target total direct compensation levels (comprised of just base salary and target annual bonus incentives) for each of the participants in 2017 as compared to market target total direct compensation levels
- Cumulus' compensation places them 16% below the 25th percentile Target Total Direct Compensation

Cumulus Media				Competitive Target Total Direct Compensation (1)			% Difference Between Current Salary Plus Target Annual Incentive and Competitive Target Total Direct Compensation		
Position	Incumbent	Benchmark	Salary + Target Annual Incentive	25th Percentile	50th Percentile	75th Percentile	25th Percentile	50th Percentile	75th Percentile
<b>Proxy Data Comparisons</b>									
President & CEO	Mary Berner	Proxy: CEO		\$4,370	\$6,350	\$6,955	-34%	-54%	-58%
EVP & CFO	John Abbot	Proxy: CFO		\$1,585	\$1,920	\$2,740	-17%	-32%	-52%
Pres WW One/EVP Corp Marketing	Suzanne Grimes	Proxy: 3rd Highest Paid		\$1,705	\$1,850	\$2,690	-37%	-42%	-60%
General Counsel	Richard Denning	Proxy: 4th Highest Paid		\$1,250	\$1,745	\$2,310	-38%	-56%	-67%
Radio Station Group EVP		Proxy: 5th Highest Paid		\$1,055	\$1,535	\$2,010	-30%	-52%	-63%
<b>Survey Data Comparisons</b>									
President Sales, Westwood One		Survey: Top Segment Sales Exec		\$460	\$585	\$740	48%	16%	-8%
CHRO & SVP of HR		Survey: Top HR Exec		\$405	\$610	\$910	67%	11%	-26%
Radio Station Group EVP		Survey: Segment Head		\$785	\$1,125	\$1,610	-15%	-40%	-58%
EVP Programming		Survey: Top Media Prgm'g Exec		\$405	\$795	\$1,400	56%	-21%	-55%
Chief Operating Officer, Westwood One		Survey: COO - Segment (-15%)		\$290	\$485	\$670	116%	29%	-7%
SVP Strategy and Development		Survey: Top Strat Plan / Dev Exec		\$530	\$725	\$990	-1%	-28%	-47%
SVP Engineering		Survey: Top Engineering Exec		\$560	\$995	\$1,470	-11%	-50%	-66%
Chief Marketing Officer		Survey: Top Mktg Exec (-20%)		\$340	\$465	\$950	32%	-3%	-53%
<b>Overall Competitive Positioning:</b>							<b>-16%</b>	<b>-40%</b>	<b>-55%</b>

#### Notes:

1) Target total direct compensation equals target total cash compensation plus the annualized expected value of long-term incentives.



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## Appendix A

### Proxy and Survey Analysis (QIP)

- The QIP values shown below are based upon current Executive Incentive Plan opportunities
  - **QIP values do not represent additional compensation over what has already been approved**
- Note that payments above “target” will not be made until a full year calculation is made reflecting performance through the fourth quarter of 2017

Name	Title	Target QIP Payments					Maximum QIP Payments				
		Q1 (2017)	Q1-Q2 (2017)	Q1-Q3 (2017)	Q1-Q4 (2017)	Target QIP	Q1 (2017)	Q1-Q2 (2017)	Q1-Q3 (2017)	Q1-Q4 (2017)	Max QIP
President & CEO	Mary Berner										
EVP & CFO	John Abbot										
Pres WW One/EVP Corp Marketing	Suzanne Grimes										
General Counsel	Richard Denning										
Radio Station Group EVP											
President Sales, Westwood One											
CHRO & SVP of HR											
Radio Station Group EVP											
EVP Programming											
Chief Operating Officer, Westwood One											
SVP Strategy and Development											
SVP Engineering											
Chief Marketing Officer											

## **Appendix A - Peer Group Development (April 2017 Report)**

### ***Cumulus Media - Peer Group Development***

April 2017

## Appendix A - Peer Group Development (April 2017 Report)

### Introduction

#### Background

- Cumulus Media, Inc. (“Cumulus”) engaged Willis Towers Watson to develop and propose a compensation peer group
  - Cumulus is planning to restructure its business to avoid bankruptcy
  - No formal peer group is in place; however, past compensation advisors to the Compensation Committee have developed and used peer groups historically
- Potential uses for Cumulus’s peer group would include:
  - Understanding of market practices regarding plan design, opportunity and cost related to:
    1. Pay magnitude – what salary, benefits and incentive award levels are competitive?
      - While generally available for CEO and CFO, the data often varies widely year to year
      - Data is not generally available for other proxy officers
    2. Pay practices – how do peer companies structure compensation programs?
      - Pay design, including short term and long term plans
      - Compensation element mix – base, short-term, long-term incentives, other
      - Long-term incentive vehicles
      - Performance measures
  - Compensation peer groups can provide a performance benchmark if incentive plans include relative performance measures, such as TSR
  - While business model and cycle differences may inhibit “apples to apples” comparison, the use of peer group data provides directional guidance

## Appendix A - Peer Group Development (April 2017 Report)

### Peer Group Development

#### Methodology

- To develop a new compensation peer group for Cumulus, Willis Towers Watson used the following criteria:

Criteria	Element	Criteria	Rationale
I	Trading Status	Stand alone public companies	<ul style="list-style-type: none"> <li>Companies must be publicly traded to obtain proxy data, the source for peer pay data</li> </ul>
II	Geography	United States	<ul style="list-style-type: none"> <li>Most companies take a national perspective when sourcing executive-level talent</li> </ul>
III	Industry subject to Global Industry Classification Standard (GICS)	<u>GICS Sub-Industry Groups:</u> Broadcasting	<ul style="list-style-type: none"> <li>Companies in comparable industries, with similar products and/or serving similar markets are typically reasonable sources for executive talent</li> </ul>
IV	Revenue Size	Primary revenue range <i>approximately</i> \$450M to \$3.4 billion	<ul style="list-style-type: none"> <li>The primary revenue range we typically use is .5x - 2x of company's revenues. However, due to a limited universe of companies, we relaxed the criteria to .5x - 3x of Cumulus's 2016 revenues of \$1.10 billion to approximate median revenue and to build a more robust peer group</li> </ul>
V	Mentioned as Peer	<ul style="list-style-type: none"> <li>We considered companies that considered Cumulus as a peer               <ul style="list-style-type: none"> <li>✓ Eight companies considered Cumulus as a peer within the past year</li> </ul> </li> </ul>	

## Appendix A - Peer Group Development (April 2017 Report)

### Preliminary Recommendations

#### Strawmodel Peer Group

- Companies shown in the table could serve as peer competitors as they:
  - Are of similar size and complexity, operate in similar or related businesses and reflect relevant labor markets
  - Would be seen as credible with external stakeholders and viewed as reasonable by employees
- As shown in the table, Cumulus would be positioned at the median from a revenue perspective
  - See Appendix for business descriptions

*All financials expressed in millions*

Company (n = 11)	Revenue	Market Cap	Prior Peer	Industry
Scripps Networks Interactive, Inc.	\$3,401	\$10,165		Broadcasting
TEGNA Inc.	\$3,341	\$5,503		Broadcasting
AMC Networks Inc.	\$2,756	\$3,975		Broadcasting
Sinclair Broadcast Group, Inc.	\$2,737	\$4,151	◆	Broadcasting
Tribune Media Company	\$1,948	\$3,238		Broadcasting
Nexstar Media Group, Inc.	\$1,103	\$3,305	◆	Broadcasting
The E. W. Scripps Company	\$943	\$1,927		Broadcasting
Gray Television, Inc.	\$812	\$1,037	◆	Broadcasting
Townsquare Media, Inc.	\$517	\$225		Broadcasting
Entercom Communications Corp.	\$460	\$580	◆	Broadcasting
Radio One, Inc.	\$456	\$159	◆	Broadcasting

<b>Cumulus Media Inc.</b>	<b>\$1,141</b>	<b>\$9</b>	<b>Broadcasting</b>
75th Percentile	\$2,746	\$4,063	
<b>Median</b>	<b>\$1,103</b>	<b>\$3,238</b>	
25th Percentile	\$665	\$809	

*Cumulus Percentile Rank* 50% *Lowest*  
*Variance from Median* 3% *N/A*

#### Notes:

Source: S&P Capital IQ

All data is as of each company's fiscal year end, except for market capitalization and TSR which are as of 3/31/2017

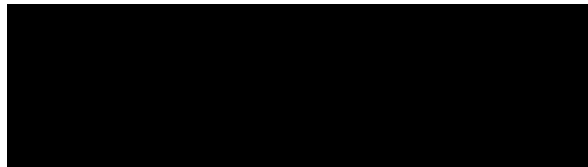
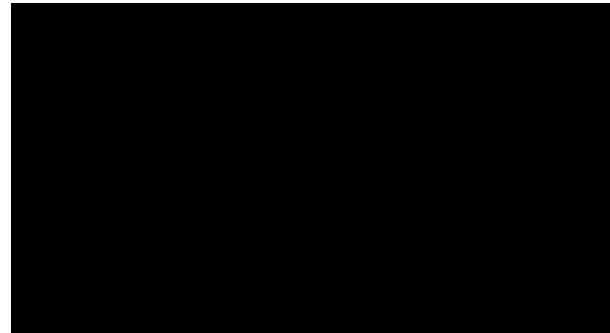
## Appendix A - *Peer Group Development (April 2017 Report)*

### Next Steps

- Solicit feedback from Cumulus
- Based on feedback, Willis Towers Watson to make revisions to the peer group
- Formal approval of the peer group by Cumulus

## Appendix A - *Peer Group Development (April 2017 Report)*

### Appendix



## Appendix A - Peer Group Development (April 2017 Report)

### Strawmodel Peer Group Details

#### Strawmodel Peer Companies (1 of 2)

- Companies listed below could serve as peer competitors as they:
  - Are of similar size and complexity, operate in similar or related businesses and reflect relevant labor markets
  - Would be seen as credible with external stakeholders and viewed as reasonable by employees

Company	Rationale for Inclusion	Company	Rationale for Inclusion
AMC Networks	<ul style="list-style-type: none"> <li>Platform to distributors and advertisers</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>	Sinclair Broadcast	<ul style="list-style-type: none"> <li>Disclosed as a comparable peer in the past</li> <li>Disclosed Cumulus as a peer in their recent proxy filing</li> <li>Operates as a television broadcasting company</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>
Entercom Communications	<ul style="list-style-type: none"> <li>Disclosed as a comparable peer in the past</li> <li>Disclosed Cumulus as a peer in their recent proxy filing</li> <li>Operates as a radio broadcasting</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>	TEGNA.	<ul style="list-style-type: none"> <li>Engages in media and digital businesses, and operates television stations that produce local programming</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>
Gray Television.	<ul style="list-style-type: none"> <li>Disclosed as a comparable peer in the past</li> <li>Disclosed Cumulus as a peer in their recent proxy filing</li> <li>Owns and operates television stations and digital assets</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>	Townsquare Media	<ul style="list-style-type: none"> <li>Media, entertainment, and digital marketing solutions company through its radio stations, website, and apps</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>
Nexstar Media	<ul style="list-style-type: none"> <li>Disclosed as a comparable peer in the past</li> <li>Television broadcasting and digital media company</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>	Tribune Media	<ul style="list-style-type: none"> <li>Disclosed Cumulus as a peer in their recent proxy filing</li> <li>Media and entertainment company</li> <li>Operates local television stations and one radio station</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>
Radio One	<ul style="list-style-type: none"> <li>Disclosed as a comparable peer in the past</li> <li>Urban-oriented multi-media company</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>	E.W. Scripps	<ul style="list-style-type: none"> <li>Media enterprise with a portfolio of television, radio and digital media brands</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>
Scripps Network Interactive	<ul style="list-style-type: none"> <li>Develops lifestyle-oriented content</li> <li>Focus on topics of interest for audience and advertisers</li> <li>Revenues are within 1/2x – 3x Cumulus's size</li> </ul>		



## Appendix A - Peer Group Development (April 2017 Report)

### Strawmodel Peer Group Details

#### Strawmodel Peer Companies (2 of 2)

- Shown below are companies that were used as peers by Meridian, as disclosed in the most recent proxy filing
  - We propose on not including them in the peer group moving forward for the following reasons:

*All financials expressed in millions*

Company	Revenue	Market Cap	Industry	Rationale for Exclusion
Salem Media Group, Inc.	\$274	\$194	Broadcasting	Too small
Entravision Communications Corporation	\$259	\$559	Broadcasting	Too small
Emmis Communications Corp.	\$231	\$30	Broadcasting	Too small
Saga Communications, Inc.	\$143	\$301	Broadcasting	Too small
Spanish Broadcasting System, Inc.	\$147	\$5	Broadcasting	Too small
Lin Media	N/A	N/A	Broadcasting	Privately-held

- CBS Corporation and iHeartMedia, Inc. were also considered as potential peers. However, upon further examination, we excluded them from the proposed peer group due to having revenues considerably above our criteria range

#### Notes:

Source: S&P Capital IQ

All data is as of each company's fiscal year end, except for market capitalization and TSR which are as of 3/31/2017

## Appendix A - Peer Group Development (April 2017 Report)

### Strawmodel Peer Group Details

#### Business Descriptions (1 of 4)

Company	Business Description
AMC Networks Inc.	AMC Networks Inc. owns and operates various cable television's brands delivering content to audiences, and a platform to distributors and advertisers in the United States and internationally. The company operates in two segments, National Networks; and International and Other. The National Networks segment operates five distributed entertainment programming networks under the AMC, WE tv, BBC AMERICA, IFC, and SundanceTV names in high definition and standard definition formats. This segment distributes its networks in the United States through cable and other multichannel video programming distribution platforms, including direct broadcast satellite and platforms operated by telecommunications providers. The International and Other segment delivers entertaining and acclaimed programming services for subscribers in approximately 140 countries and territories, including Europe, Latin America, the Middle East, and the parts of Asia and Africa. This segment also operates in independent film distribution business that distributes films across various media platforms, including theaters, cable/satellite video on demand, DVDs and cable network television, and streaming/downloading to computers and other electronic devices. AMC Networks Inc. was founded in 1980 and is headquartered in New York, New York.
Entercom Communications Corp.	Entercom Communications Corp. operates as a radio broadcasting company in the United States. The company owns and operates radio stations in various formats, such as news, sports, talk, classic rock, urban, adult contemporary, alternative, country, and others. As of February 22, 2017, it had 126 stations in 28 markets. Entercom Communications Corp. was founded in 1968 and is based in Bala Cynwyd, Pennsylvania.
Gray Television, Inc.	Gray Television, Inc., a television broadcast company, owns and operates television stations and digital assets in the United States. As of February 21, 2017, it owned and operated television stations in 54 television markets broadcasting approximately 200 program streams comprising 37 channels affiliated with the CBS Network, 29 channels affiliated with the NBC Network, 20 channels affiliated with the ABC Network, and 15 channels affiliated with the FOX Network. The company also broadcasts secondary digital channels affiliated to ABC, CBS, and FOX, as well as channels affiliated with various other networks and program services, including CW Plus Network, MY Network, the MeTV Network, This TV Network, Antenna TV, Telemundo, Cozi, Heroes and Icons, and MOVIES! Network; and local news/weather channels in various markets. The company was formerly known as Gray Communications Systems, Inc. and changed its name to Gray Television, Inc. in August 2002. Gray Television, Inc. was founded in 1897 and is headquartered in Atlanta, Georgia.
Nexstar Media Group, Inc.	Nexstar Media Group, Inc. operates as a television broadcasting and digital media company in the United States. It focuses on the acquisition, development, and operation of television stations and interactive community Websites in medium-sized markets. The company offers free over-the-air programming to television viewing audiences. It also provides sales, programming, and other services through various local service agreements to 30 power television stations owned and/or operated by independent third parties. As of December 31, 2016, the company owned, operated, programmed, or provided sales and other services to 104 television stations in 62 markets in the states of Alabama, Arizona, Arkansas, California, Colorado, Florida, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Missouri, Montana, Nevada, New York, North Dakota, Pennsylvania, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, and Wisconsin. The company's stations reach approximately 20.8 million viewers. The company was formerly known as Nexstar Broadcasting Group, Inc. and changed its name to Nexstar Media Group, Inc. in January 2017. Nexstar Media Group, Inc. was founded in 1996 and is headquartered in Irving, Texas.

## Appendix A - Peer Group Development (April 2017 Report)

### Strawmodel Peer Group Details

#### Business Descriptions (2 of 4)

Company	Business Description
Radio One, Inc.	Radio One, Inc., together with its subsidiaries, operates as an urban-oriented multi-media company in the United States. The company operates through four segments: Radio Broadcasting, Reach Media, Internet, and Cable Television. The Radio Broadcasting segment includes radio broadcasting operations that primarily target African-American and urban listeners. As of December 31, 2016, it owned and/or operated 55 broadcast stations located in 15 urban markets. The Reach Media segment operates the Tom Joyner Morning Show; and other syndicated programming assets, including the Rickey Smiley Morning Show, Get Up! Mornings with Erica Campbell, the Russ Parr Morning Show, the Ed Lover Show, and the DL Hughley Show. The Internet segment is involved in online business, including the operation of Interactive One, an online platform serving the African-American community through social content, news, information, and entertainment Websites, including Global Grind, News One, TheUrbanDaily, and HelloBeautiful; and online social networking Websites comprising BlackPlanet and MiGente. The Cable Television segment includes the operation of TV One, an African-American targeted cable television network. Radio One, Inc. was founded in 1980 and is based in Silver Spring, Maryland.
Scripps Networks Interactive, Inc.	Scripps Networks Interactive, Inc. develops lifestyle-oriented content in the United States, the United Kingdom and other European markets, the Middle East and Africa, the Asia-Pacific, and Latin America. The company delivers content that focuses on specifically defined topics of interest for audiences and advertisers. It operates national television networks, including HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel, and Great American Country; and Websites comprising HGTV.com, Foodnetwork.com, Travelchannel.com, DIYNetwork.com, Cookingchanneltv.com, and Greatamericancountry.com that are associated with the aforementioned television brands and other Internet and digital businesses serving home, food, travel, and other lifestyle-related categories. The company also operates a portfolio of free-to-air and pay-TV lifestyle, and entertainment networks internationally, including TVN, TVN24, TVN Style, TTV, TVN Turbo, TVN24 Biznes i Swiat, and TVN Media, as well as distributes HGTV, Food Network, Travel Channel, DIY Network, Cooking Channel, Asian Food Channel, and Fine Living Network. In addition, it licenses its content to third parties; and brands for consumer products. Scripps Networks Interactive, Inc. is headquartered in Knoxville, Tennessee.
Sinclair Broadcast Group, Inc.	Sinclair Broadcast Group, Inc. operates as a television broadcasting company in the United States. It owns or provides various programming, operating, or sales services to television stations. The company broadcasts free over-the-air programming, such as network provided programs, locally-produced news, local sporting events, programming from program service arrangements, syndicated entertainment programs, and internally originated programming to television viewing audiences in the communities through various local television stations. As of February 22, 2017, it owns, operates, and/or provides services to 173 television stations in 81 markets, which broadcast 505 channels. The company also offers digital agency services; and technical services to the broadcast industry, as well as designs and manufactures broadcast systems, including transmitters and antennas. In addition, it provides sign design and fabrication, and security alarm monitoring and bulk acquisition services; and invests in various real estate ventures, including developmental land, and operating commercial and multi-family residential real estate properties and apartments, as well as private equity and structured debt/mezzanine financing investment funds. Sinclair Broadcast Group, Inc. was founded in 1986 and is headquartered in Hunt Valley, Maryland.

## Appendix A - Peer Group Development (April 2017 Report)

### Strawmodel Peer Group Details

#### Business Descriptions (3 of 4)

Company	Business Description
TEGNA Inc.	TEGNA Inc. engages in media and digital businesses in the United States. The company operates in two segments, Media and Digital. It operates 46 television stations that produce local programming, such as news, sports, and entertainment. The company also operates Cars.com, an online destination for automotive consumers that offers information about car shopping, selling, and servicing; CareerBuilder, which provides human capital solutions, such as employment data and labor market analysis software, talent management software, and other advertising and recruitment solutions; and G/O Digital that provides digital marketing services for local businesses. The company was formerly known as Gannett Co., Inc. and changed its name to TEGNA Inc. in June 2015. TEGNA Inc. was founded in 1906 and is headquartered in McLean, Virginia.
Townsquare Media, Inc.	Townsquare Media, Inc. operates as a media, entertainment, and digital marketing solutions company in small and mid-sized markets. It operates through two segments, Local Marketing Solutions and Entertainment. The Local Marketing Solutions segment provides broadcast and digital solutions through its radio stations, Websites, radio stations' online streams, and mobile applications. It also offers digital marketing solutions, such as traditional and mobile-enabled Website development and hosting services, search engine and online directory optimization services, online reputation management, and social media management services under the Townsquare Interactive brand; and e-commerce products to consumers and advertisers through its proprietary deal and auction platform. As of December 31, 2016, this segment owned and operated 312 radio stations and approximately 325 Websites in 66 markets in the United States. The Entertainment segment creates, promotes, and produces live events, including music concerts, multi-day music festivals, fairs, consumer expositions and trade shows, athletic and lifestyle events, and other forms of entertainment. This segment also offer event production services to third parties; and digital advertising services, as well as owns a proprietary ticketing platform. In addition, it owns and operates a portfolio of 16 music and entertainment based national Websites. As of December 31, 2016, this segment produced approximately 550 live events in the United States and Canada. The company was formerly known as Regent Communications, Inc. and changed its name to Townsquare Media, Inc. in May 2010. Townsquare Media, Inc. was founded in 1996 and is based in Greenwich, Connecticut.
Tribune Media Company	Tribune Media Company, through its subsidiaries, operates as a media and entertainment company in the United States. It offers news, entertainment, and sports programming through Tribune Broadcasting local television stations, including FOX television affiliates, CW Network, LLC television affiliates, CBS television affiliates, ABC television affiliates, NBC television affiliates, and independent television stations; and television series and movies on WGN America, a national general entertainment cable network. The company also operates Antenna TV and THIS TV, a digital multicast networks; Tribune Studios, a development and production studio; Screener, an entertainment Website; and WGN 720 AM, a radio station in Chicago. It owns and operates 42 local television stations. The company was formerly known as Tribune Company and changed its name to Tribune Media Company in July 2014. Tribune Media Company was founded in 1847 and is based in Chicago, Illinois.

## Appendix A - Peer Group Development (April 2017 Report)

### Strawmodel Peer Group Details

#### Business Descriptions (4 of 4)

Company	Business Description
The E. W. Scripps Company	The E. W. Scripps Company, together with its subsidiaries, operates as a media enterprise with a portfolio of television, radio, and digital media brands. It operates through Television, Radio, Digital, and Syndication and Other segments. The Television segment operates broadcast television stations, which produces news, information, and entertainment content. This segment also runs network programming, syndicated programming, and internally produced programming. The Radio segment operates 28 FM stations and 6 AM stations. The Digital segment operates local digital sites offering local news, information, and user-generated content, as well as national content and other content sources. This segment is also involved in the national digital businesses, such as Cracked, a multi-platform humor and satire brand which informs and entertains millennial audiences with a Website, original digital video, social media, and a podcast; Newsy, an over-the-top video news service; and Midroll Media that creates original podcasts and operates a network. The Syndication and Other segment engages in the syndication of news features and comics, and other features for the newspaper industry. The company was formerly known as Scripps Howard, Inc. The E. W. Scripps Company was founded in 1878 and is headquartered in Cincinnati, Ohio.
Cumulus Media Inc.	Cumulus Media Inc. owns and operates radio stations in the United States. The company operates in two segments, Radio Station Group and Westwood One. It sells commercial advertising time to local, regional, and national advertisers; and network advertising. The company offers content through approximately 445 owned-and-operated stations in 90 United States media markets; and approximately 8,200 broadcast radio affiliates and various digital channels. As of December 31, 2016, it operated five radio stations under local marketing agreements. Cumulus Media Inc. was founded in 1997 and is based in Atlanta, Georgia.

## Appendix B

### Reliance Materials

- The following is a list of reliance materials used in WTW's analysis (*title of file in italics*):
  - Information on Cumulus organization charts
    - *"20170405142508740[1]"*
    - *"Revised Org Chart Project"*
  - Information on Cumulus pre-petition equity grants
    - *"ASC 718 Walker"*
  - Cumulus's public disclosures of compensation programs, financials and restructuring agreement
    - *"Cumulus 8K", "Cumulus 10K", "Cumulus Proxy" and "Cumulus RSA"*
  - Cumulus's internal materials describing the pre-petition Executive Incentive Plan
    - *"EIP 2016 Project"*
    - *"EIP 2017 01092017 CC"*
  - Cumulus's internal materials detailing current financial information
    - *"Financial Information"*
  - Cumulus's internal materials detailing current/historical compensation information
    - *"L team comp summary 03242017[1]"*
    - *"L team comp summary bonuses paid 04052017"*
    - *"L Team equity summary 03242017"*

## Appendix B

### ***Reliance Materials (cont'd)***

- Publicly disclosed proxy statements of media peers:
  - Scripps Networks Interactive, Inc., TEGNA Inc., AMC Networks, Inc., Sinclair Broadcast Group, Inc., Tribune Media Company, Pandora Media Inc., Nexstar Media Group, Inc., The E.W. Scripps Company, Gray Television, Inc., Townsquare Media, Inc., Entercom Communications Corp., and Radio One, Inc.
- Publicly filed declarations, orders, motions and/or 8K filings of Chapter 11 peers
  - Borders Group, Buffets Restaurant Holdings, Coldwater Creek, Eastman Kodak, Furniture Brands International, Gander Mountain Company, Inc., James River Coal, Linn Energy, Maxus Energy Corporation, Molycorp, Orchard Supply Hardware Stores, Overseas Shipholding Group, Patriot Coal, Quicksilver, Radioshack Corporation, Republic Airways Holding, Sabine, Samson Resources, Trident Microsystems, and Ultra Petroleum Corp
- Competitive financial data of media peers and Chapter 11 peers, as provided/gathered by S&P Capital IQ
- 2016 Willis Towers Watson CDB Media Industry Executive Survey
- Cumulus's internal materials describing the 2018 SIP and QIP
  - *"CMLS ICP Deck (Draft 15Jan18\_2230) PEO"*

## Appendix C

### **Zach Georgeson – Consulting Director – Willis Towers Watson**

#### Experience

- Zach is a Consulting Director in Willis Towers Watson's Chicago office, and has over sixteen years of executive compensation consulting experience.
- Zach routinely works with public and private companies in various industries regarding compensation philosophy, pay competitiveness, incentive plan design, and other compensation-related analyses. Zach has worked with numerous Fortune 1000 companies, and has participated in the development and design of over 100 management and employee incentive plans for companies.
- Zach leads Willis Towers Watson's North American Executive Compensation Design team, co-leads the Chicago Mid-Cap Executive Compensation Roundtable, and has helped manage the development of a number of intellectual capital tools over the years, including WTW's U.S. Executive Compensation Guiding Principles. He has also been a featured panelist on executive compensation trends and issues.



## Appendix C

### **Zach Georgeson – Consulting Director – Willis Towers Watson**

#### Experience

- Zach has worked closely with a range of companies undergoing financial restructurings in developing a variety of postpetition compensation arrangements, including compensation plans and programs for senior executive and non-executive employees.
- Zach has led or co-led the review and design of key employee incentive plans and other types of compensation plans in a number of Chapter 11 cases, including American Airlines, Appvion, Aspect Software, Bonanza Creek, Breitburn Energy, Caesars Entertainment Operating Company, Chaparral Energy, Conexant, Dex Media, Energy Future Holdings, Fairway Market, GenOn Energy, Gymboree, Horsehead Holding Corp., Keystone Automotive, Longview Power, MolyCorp, Muzak, Neff, Petroflow, Platinum Energy Solutions, RadioShack, Reader's Digest Association, Republic Airways, Sabine Oil & Gas, Samson Resources, Takata, Visteon, and Xerium Technologies.

#### Education and Credentials

- Zach holds a B.S. degree in finance from Indiana University in Bloomington.
- Prior to joining Willis Towers Watson, Zach was an executive compensation manager at Deloitte Consulting LLP and worked as a consultant for Capital H Group.

## Appendix C

### **Zach Georgeson – Consulting Director – Willis Towers Watson**

#### Prior Expert Testimony

- Hearing testimony on April 11, 2016 in *In re: Aspect Software Parent, Inc., et al.*, No. 16-10597 (MFW) (Bankr. D. Del.).

#### Publications

- Georgeson, Zach and Steinfeld, Josh,  
“New Study Finds Link Between Executive Incentive Plans and Successful Bankruptcy Reorganizations.” *Executive Pay Matters*, Willis Towers Watson. August 2012,

<https://www.towerswatson.com/en/Insights/Newsletters/Global/executive-pay-matters/2012/New-Study-Finds-Link-Between-Executive-Incentive-Plans-and-Successful-Bankruptcy-Reorganizations?webSyncID=e4480b1b-ae80-06c1-6cd7-78a3b9782488&sessionGUID=cc8a4140-1a39-57ee-82b7-b55560723653>

## Appendix D

### ***Billing Rates***

- The WTW associates that contributed to the analysis of the QIP and SIP, and their respective current hourly billing rates, are as follows:
  - Zach Georgeson - \$845
  - Nader Salah - \$845
  - Ryan Beger - \$670
  - Alex Ha - \$410
  - Ryan Beberus - \$410
  - Linda Yu - \$310
  - Dan Leon - Billing rate not applicable (project-based research)
  - Nilofer Rao (former associate)

# Exhibit B

---

**From:** Doorley, Kate [kdoorley@akingump.com]  
**Sent:** Wednesday, November 01, 2017 11:45 PM  
**To:** Nofzinger, Alice; Basta, Paul M.; Britton, Robert  
**Cc:** Rhode, Benjamin M.; Greenblatt, Nicole L; Nagler, Christian O.; Zelin, Steve M. (External); Benvenisty, Brian; Baird, Jamie (External); Sheaffer, Paul (External); Haq, Syed S.; Price, Scott D.; Stamer, Michael; Wood, Iain; Di Mauro, Christopher; Court, Nathan; Shaw, Theodore; Schenk, Hannes; Martinez, Tyler; Allen, Matt; Marvis, Gabriel; Ritacco, Gary; Lahaie, Meredith; Zaiss, Rolf  
**Subject:** [External] RE: CMLS: Term Sheets  
**Attachments:** Cumulus - MIP Term Sheet AG Response 113893402-v2.docx; Redline - Cumulus - MIP Term Sheet AG Response 113893402-v1 and Cumulus ....pdf; Redline - Cumulus Reinstatement Restructuring Term Sheet (KE PW Draft 10.31.17)\_ (4... and CMLS Restructuring Term Sheet (AG 11217 Draft) 112993565-v16.pdf; Redline - Cumulus Reinstatement Plan Term Sheet (KE PW Draft 10.31.17)\_ (49748425\_1... and CMLS Plan Term Sheet (AG 11.01.17 Draft) 112996371-v13.pdf; CMLS\_ Restructuring Term Sheet (AG 11\_2\_17 Draft)\_112993565(16).DOCX; CMLS\_ Plan Term Sheet (AG 11.01.17 Draft)\_112996371(13).DOCX; Cumulus NDA extension - CapRe 11-01-17.pdf; Cumulus - Noteholder NDA Amendment (Waddell).pdf; Cumulus - Noteholder NDA Amendment (Angelo Gordon).pdf; Brigade NDA Amendment.pdf; Park Point NDA Amendment.pdf

Attached please find revised draft term sheets from the Ad Hoc Committee, as well as redlines to the most recent versions circulated by the company. Please note that the attached are subject to continued internal and client review and comment and may not be shared outside of the company and its advisors without our prior written consent.

Also attached are executed versions of the NDA amendment for each of our restricted holders. Please provide counter-executed copies of the NDAs for our records.

Best,  
Kate

**Kate Doorley**

Direct: +1 202.887.4547 | Internal: 24547

*Licensed to practice in New York only and under the supervision of the partners of Akin Gump Strauss Hauer & Feld LLP. Application for admission to the District of Columbia Bar pending.*

---

**From:** Nofzinger, Alice [mailto:alice.nofzinger@kirkland.com]  
**Sent:** Tuesday, October 31, 2017 7:36 PM  
**To:** Doorley, Kate; Basta, Paul M.; Britton, Robert  
**Cc:** Rhode, Benjamin M.; Greenblatt, Nicole L; Nagler, Christian O.; Zelin, Steve M. (External); Benvenisty, Brian; Baird, Jamie (External); Sheaffer, Paul (External); Haq, Syed S.; Price, Scott D.; Stamer, Michael; Wood, Iain; Di Mauro, Christopher; Court, Nathan; Shaw, Theodore; Schenk, Hannes; Martinez, Tyler; Allen, Matt; Marvis, Gabriel; Ritacco, Gary; Lahaie, Meredith  
**Subject:** RE: CMLS: Term Sheets

Akin Team,

Attached please find revised drafts of the restructuring and plan term sheets, marked against the latest drafts we received from your team. In addition, the revised MIP term sheet is attached, marked against the last MIP term sheet we circulated to your team.

Finally, we have attached a form NDA amendment to extend the term of the NDA. We have the Company's signature page in hand. Please let us know when you have signatures and sign off from the noteholders to execute the NDA amendment.

Thank you,  
Alice

### Alice Nofzinger

---

#### KIRKLAND & ELLIS LLP

601 Lexington Avenue, New York, NY 10022

T +1 212 909 3029

F +1 212 446 4900

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[alice.nofzinger@kirkland.com](mailto:alice.nofzinger@kirkland.com)

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**From:** Doorley, Kate [<mailto:kdoorley@akingump.com>]

**Sent:** Saturday, October 28, 2017 1:23 PM

**To:** Basta, Paul M. <[pbasta@paulweiss.com](mailto:pbasta@paulweiss.com)>; Britton, Robert <[robert.britton@kirkland.com](mailto:robert.britton@kirkland.com)>

**Cc:** Nofzinger, Alice <[alice.nofzinger@kirkland.com](mailto:alice.nofzinger@kirkland.com)>; Rhode, Benjamin M. <[benjamin.rhode@kirkland.com](mailto:benjamin.rhode@kirkland.com)>; Greenblatt, Nicole L <[nngreenblatt@kirkland.com](mailto:nngreenblatt@kirkland.com)>; Nagler, Christian O. <[cnagler@kirkland.com](mailto:cnagler@kirkland.com)>; Zelin, Steve M. (External) <[Zelin@pitpartners.com](mailto:Zelin@pitpartners.com)>; Benvenisty, Brian <[Benvenisty@pitpartners.com](mailto:Benvenisty@pitpartners.com)>; Baird, Jamie (External) <[baird@pitpartners.com](mailto:baird@pitpartners.com)>; Sheaffer, Paul (External) <[sheaffer@pitpartners.com](mailto:sheaffer@pitpartners.com)>; Haq, Syed S. <[syed.haq@kirkland.com](mailto:syed.haq@kirkland.com)>; Price, Scott D. <[sprice@kirkland.com](mailto:sprice@kirkland.com)>; \*mstamer@akingump.com <[mstamer@akingump.com](mailto:mstamer@akingump.com)>; Wood, Iain <[iwood@akingump.com](mailto:iwood@akingump.com)>; Di Mauro, Christopher <[CDiMauro@HL.com](mailto:CDiMauro@HL.com)>; Court, Nathan <[NCourt@HL.com](mailto:NCourt@HL.com)>; Shaw, Theodore <[TShaw@HL.com](mailto:TShaw@HL.com)>; Schenk, Hannes <[HSchenk@HL.com](mailto:HSchenk@HL.com)>; Martinez, Tyler <[TMartinez@HL.com](mailto:TMartinez@HL.com)>; Allen, Matt <[MPAllen@HL.com](mailto:MPAllen@HL.com)>; Marvis, Gabriel <[GMarvis@HL.com](mailto:GMarvis@HL.com)>; Ritacco, Gary <[gritacco@akingump.com](mailto:gritacco@akingump.com)>; \*mlahaie@akingump.com <[mlahaie@akingump.com](mailto:mlahaie@akingump.com)>

**Subject:** CMLS: Term Sheets

Attached please find revised drafts of the restructuring and plan term sheets as well as redlines to the most recent versions circulated by the company. Please note that the attached are subject to continued internal and client review and comment and may not be shared outside of the company and its advisors without our prior written consent.

### Kate Doorley

Direct: [+1 202.887.4547](tel:+12028874547) | Internal: [24547](tel:+12028874547)

*Licensed to practice in New York only and under the supervision of the partners of Akin Gump Strauss Hauer & Feld LLP. Application for admission to the District of Columbia Bar pending.*

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**CUMULUS MEDIA INC.**  
**MANAGEMENT INCENTIVE PLAN**

The following term sheet (this “Term Sheet”) summarizes the principal terms of an Management Incentive Plan (the “Plan”) to be sponsored by Cumulus Media Inc. (the “Company”) and its subsidiaries (collectively, the “Company Group”) and of grants to be made under the Plan at Closing.

<b><i>Overview:</i></b>	<ul style="list-style-type: none"> <li>• <u>Incentive Equity Pool</u>. There will be reserved, exclusively for management employees, a pool of equity equal to 15% of the Company’s common stock outstanding at Closing on a fully diluted and fully distributed basis (such reserve, the “<u>EIP Pool</u>”).</li> <li>• <u>Closing Grants</u>. One-half (50%) of the EIP Pool will be allocated at Closing (the “<u>Closing Grants</u>”) in accordance with this Term Sheet and the allocations set forth on <u>Appendix A</u>. Each Closing Grant will be 33% in the form of restricted stock units (“<u>RSUs</u>”) and 67% in the form of stock options (“<u>Options</u>”) with (i) an expiration date of the tenth anniversary of the date of Closing and (ii) a per share exercise price equal to the thirty (30) day volume-weighted average closing price for the period immediately following the date of Closing.</li> <li>• <u>Supplemental Incentive Plan</u>. To reflect the significant leverage continued to be carried by the Company, the Company will continue the Company’s current Supplemental Incentive Plan until December 31, 2018 on its current terms and conditions.<sup>1</sup></li> <li>• <u>Other Awards</u>. The balance of the EIP Pool will be granted after Closing in the form of equity-based awards as determined by the Compensation Committee of the Company taking into account the then prevailing practices of the Company’s publicly traded peer group (the “<u>Other Awards</u>”). The precise amount of equity and number of shares to be reserved will be determined in a manner consistent with the intended effect of this Term Sheet.</li> </ul>
<b><i>Vesting:</i></b>	<ul style="list-style-type: none"> <li>• <u>Normal Vesting</u>. Subject to an Executive’s continued employment through each applicable vesting date, each Closing Grant will vest in ratable installments on the first four anniversaries of the Closing.</li> <li>• <u>Accelerated Vesting Upon Termination Without Cause, for Good Reason or Due to Death or Disability</u>. If an Executive is terminated without Cause, terminates for Good Reason or is terminated due to death or disability (any such termination, a “<u>Qualifying Termination</u>”), the Executive will become vested in an additional tranche of the Executive’s unvested Closing Grant as if the Executive’s employment continued for one additional year following the Qualifying Termination date. Options will remain outstanding until the earlier of the 90<sup>th</sup> day following such Qualifying Termination (1 year in the event of death or disability) and the original expiration date of the Option.</li> <li>• <u>Accelerated Vesting Upon a Change in Control</u>. <u>Accelerated Vesting Upon a Change in Control</u>. If an Executive’s employment is terminated (i) by the Company without Cause, (ii) by the Executive for Good Reason, or (iii) by non-renewal of an Executive’s</li> </ul>

<sup>1</sup> Extension as specified in Form 8-K filed October 31, 2017.

	employment agreement, in each case, within three months prior to, or at any time following, a Change in Control, 100% of the Executive's unvested RSUs and Options will accelerate and vest, subject to the Executive's continued employment through consummation of the Change in Control.
<b><i>Final Documentation:</i></b>	The final documentation related to Closing Grants shall not contain any material restrictions, limitations or additional obligations that are not set forth in this Term Sheet or in an Executive's existing employment agreement.
<b><i>Other:</i></b>	Final documentation will clarify that (i) consummation of the transaction does not constitute a Change in Control under management arrangements and contracts and (ii) SIP component not included in severance calculations.



**Appendix A**

<b><u>Position</u></b>	<b><u>Closing Grant: % of EIP Pool</u></b>
President & CEO*	50% <sup>2</sup>
CFO*	25% <sup>3</sup>
___ Members of Key Leadership**	25%{NOTEREF _Ref496865427 \h \* MERGEFORMAT }
	<b>100.00%</b>

\* Senior Executive

\*\* Amounts within these bands to be allocated by the CEO. To the extent not fully allocated, the CEO may allocate within other groups.

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<sup>2</sup> Estimated grant date value of \$5.0 million.

<sup>3</sup> Estimated grant date value of \$2.5 million.

**CUMULUS MEDIA INC.**

**Restructuring Term Sheet**

The following is a summary of the principal terms with respect to a proposed restructuring of Cumulus Media Inc. (the “**Company**”) and certain of its direct and indirect subsidiaries and affiliates. The basic terms of the Restructuring (as defined below) are outlined below and are subject to fully and properly executed documentation.

**THIS TERM SHEET IS NOT AN OFFER OR A SOLICITATION WITH RESPECT TO ANY SECURITIES OR DEBT OF THE COMPANY. ANY SUCH OFFER OR SOLICITATION SHALL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND/OR PROVISIONS OF THE BANKRUPTCY CODE, AS APPLICABLE.**

**THIS TERM SHEET IS PROVIDED IN CONFIDENCE AND MAY BE DISTRIBUTED ONLY WITH THE EXPRESS WRITTEN CONSENT OF THE AD HOC COMMITTEE (AS DEFINED HEREIN) AND THE COMPANY. THIS TERM SHEET IS PROVIDED IN THE NATURE OF A SETTLEMENT PROPOSAL IN FURTHERANCE OF SETTLEMENT DISCUSSIONS. ACCORDINGLY, THIS TERM SHEET IS ENTITLED TO THE PROTECTIONS OF RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND ANY OTHER APPLICABLE STATUTES OR DOCTRINES PROTECTING THE USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION AND INFORMATION EXCHANGED IN THE CONTEXT OF SETTLEMENT DISCUSSIONS. FURTHER, NOTHING IN THIS TERM SHEET SHALL BE AN ADMISSION OF FACT OR LIABILITY OR DEEMED BINDING ON THE AD HOC COMMITTEE, THE COMPANY, OR THEIR RESPECTIVE AFFILIATES.**

<b>Restructuring Summary</b>	The outstanding indebtedness of, and equity interests in, the Company shall be restructured (the “ <b>Restructuring</b> ”) through either (i) an out-of-court Restructuring consistent with the terms and conditions described in this Term Sheet (the “ <b>Out-Of-Court Transaction</b> ”) or, to the extent the conditions precedent to consummating an Out-Of-Court Transaction cannot be timely satisfied then, (ii) as voluntary pre-packaged cases (the “ <b>Chapter 11 Cases</b> ”) under chapter 11 of title 11 of the United States Code (the “ <b>Bankruptcy Code</b> ”), to be filed in the United States Bankruptcy Court for the Southern District of New York (the “ <b>Bankruptcy Court</b> ”) and pursuant to a pre-packaged plan of reorganization (the “ <b>Pre-Packaged Chapter 11 Plan</b> ”) with the support of the members of the ad hoc committee of 7.75% senior noteholders (the “ <b>Ad Hoc Committee</b> ”)¹, on the terms
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¹ For purposes hereunder, the Ad Hoc Committee shall mean each of the following investment advisors and/or managers, in each case, for so long as such advisor/manager holds, manages, advises or sub-advises or accounts or funds that hold obligations under the Fourth Supplemental Indenture, dated as of December 23, 2013: (i) Angelo,

	<p>and subject to the conditions set forth in the plan term sheet attached to those certain restructuring support agreements to be entered into between the Company, on the one hand, and each member of the Ad Hoc Committee, on the other hand (as amended, supplemented, or otherwise modified from time to time, the “<b>RSAs</b>”) as <b>Exhibit [B]</b> (the “<b>Plan Term Sheet</b>”).<sup>2</sup></p> <p>Prior to the commencement of any solicitation of creditors related to the Restructuring, not less than 66 2/3% in outstanding principal amount of the Notes shall have signed RSAs.</p> <p>The “<b>Restructuring Effective Date</b>” shall be the date on which all the transactions described in this Term Sheet are consummated or, if the filing of the Pre-Packaged Chapter 11 Plan is made as provided in this Term Sheet, the “<b>Effective Date</b>” under such Pre-Packaged Chapter 11 Plan.</p>
<b>Current Capital Structure</b>	<p>The current capital structure of the Company is as follows:</p> <p>(a) Indebtedness under that certain amended and restated credit agreement, dated as of December 23, 2013, among the Company, Cumulus Media Holdings Inc. (“<b>Holdings</b>”), as borrower, JPMorgan Chase Bank, N.A. as administrative agent, and the lenders (the “<b>First Lien Lenders</b>”) party thereto, as may be further amended, supplemented, amended and restated, or otherwise modified from time to time, (the “<b>First Lien Credit Agreement</b>”), comprised of term loans (the “<b>First Lien Term Loans</b>”) in an aggregate principal amount outstanding of \$1.729 billion as of August 29, 2017 and revolving loans in an aggregate principal amount outstanding of \$0 as of June 30, 2017.</p> <p>(b) Indebtedness under that certain amended and restated receivables funding and administration agreement, dated as of March 15, 2017, among CMI Receivables Funding LLC, as borrower, Wells Fargo Bank, NA, as administrative agent, and the lenders party thereto, as may be further amended, supplemented, amended and restated, or otherwise modified from time to time (the “<b>A/R Securitization Agreement</b>”) comprised of revolving loans in an aggregate principal amount</p>

Gordon & Co.; (ii) Brigade Capital Management; (iii) Capital Group; (iv) Greywolf Capital Management LP; (v) Park Point Capital; (vi) Phoenix Investment Advisor; and (vii) Waddell & Reed, Inc.

<sup>2</sup> Each member of the Ad Hoc Committee will execute a separate RSA with the Company.

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	<p>outstanding of \$0 as of June 30, 2017.</p> <p>(c) Indebtedness under that certain indenture, dated as of May 13, 2011, by and among the Company, Holdings, as issuer, and U.S. Bank National Association as trustee, (as amended by that certain First Supplemental Indenture, dated as of September 16, 2011, that certain Second Supplemental Indenture, dated as of October 16, 2011, that certain Third Supplemental Indenture, dated as of October 17, 2011, and that certain Fourth Supplemental Indenture, dated as of December 23, 2013, and as may be further amended, supplemented, amended and restated, or otherwise modified from time to time, the “<b><u>Indenture</u></b>”), comprised of 7.75% senior unsecured notes (the “<b><u>Notes</u></b>” and the holders thereof, the “<b><u>Noteholders</u></b>”) in an aggregate principal amount outstanding of \$610 million as of June 30, 2017.</p> <p>(d) Equity interests in the Company, including warrants, rights and options to acquire such equity interests, if any (such interests, collectively, the “<b><u>Existing Equity Interests</u></b>” and the holders of the Existing Equity Interests, the “<b><u>Existing Equityholders</u></b>”).</p> <p>(e) Direct and indirect interests in the Company and certain of its direct and indirect subsidiaries and affiliates, other than the Existing Equity Interests (such interests, the “<b><u>Intercompany Interests</u></b>”).</p>
<b>First Lien Term Loans</b>	<p>In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, First Lien Term Loan lenders shall receive the treatment set forth for them in the Plan Term Sheet.</p> <p>In the event that the Restructuring is consummated pursuant to the Out-Of-Court Transaction, the First Lien Term Loans outstanding under the First Lien Credit Agreement, together with all accrued interest thereon and all other outstanding obligations thereunder, shall be unaltered and left in place.</p>
<b>Notes<sup>3</sup></b>	<p>In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, holders of the Notes shall</p>

<sup>3</sup> Pursuant to and subject to the terms of the waivers described herein, the Company will not be required to pay the November 1, 2017 coupon payment.

	<p>receive the treatment set forth for them in the Plan Term Sheet.</p> <p>In the event that the Restructuring is consummated pursuant to the Out-Of-Court Transaction, in exchange for their Notes, on the Restructuring Effective Date, the Noteholders participating in the Restructuring (the “<b>Participating Noteholders</b>”) shall receive, on a <i>pro rata</i> basis, newly issued common equity of the Reorganized Company constituting 97% of the Reorganized Company Equity on the Restructuring Effective Date after giving effect to the Restructuring (the “<b>Note Exchange</b>”), subject to dilution by the MIP (as defined below). Noteholders that are not Participating Noteholders will not receive Reorganized Company Equity.</p> <p>The Reorganized Company Equity issued to Noteholders shall be solicited and issued in accordance with Section 4(a)(2) of the Securities Act of 1933, as amended, pursuant to an offering memorandum (which shall also serve as the Disclosure Statement for the Pre-Packaged Chapter 11 Plan solicitation). In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, such Reorganized Company Equity shall be exempt from registration pursuant to section 1145 of the Bankruptcy Code to the extent set forth in the Plan Term Sheet.</p>
<b>Existing Equityholders</b>	<p>In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, Existing Equityholders shall receive the treatment set forth for them in the Plan Term Sheet.</p> <p>In the event that the Restructuring is consummated pursuant to the Out-Of-Court Transaction, and solely in the event that 50.1% of the Existing Equityholders (the “<b>Required Consenting Equityholders</b>”) consent to the Restructuring, including, without limitation, consent to and vote in favor of (a) the increase in the authorized shares of the Company, (b) the approvals required pursuant to NASDAQ Rules 5635(b) and 5635(d), and (c) such other matters to come before the special meeting of the Company’s Existing Equityholders contemplated below, the Existing Equityholders shall receive 3% of the Reorganized Company Equity, subject to dilution by the MIP (as defined below).</p> <p>The Reorganized Company Equity issued to Existing Equityholders shall be solicited and issued in accordance with Section 3(a)(9) of the Securities Act of 1933, as amended, pursuant to an offering memorandum (which shall also serve as</p>

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	the Disclosure Statement for the Pre-Packaged Chapter 11 Plan solicitation). In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, such Reorganized Company Equity shall be exempt from registration pursuant to section 1145 of the Bankruptcy Code to the extent set forth in the Plan Term Sheet.
<b>Consenting Stockholders<sup>4</sup></b>	The Company shall use commercially reasonable efforts to cause Crestview Radio Investors, LLC (“ <b>Crestview</b> ”) and Lewis W. Dickey, Jr., John W. Dickey, Michael W. Dickey, Lewis W. Dickey, Sr., and DDBC, LLC (collectively, the “ <b>Dickey Group Stockholders</b> ,” and, together with Crestview and any other stockholder that executes an RSA, the “ <b>Consenting Stockholders</b> ”) to execute RSAs binding them to take or refrain from taking certain actions in support of the Restructuring, including (i) voting in favor of the Restructuring in all respects (including attending any special meeting of the Company’s Existing Equityholders and voting in favor of an increase in the authorized shares of the Company and the approvals pursuant to NASDAQ Rules 5635(b) and 5635(d)), (ii) terminating the existing stockholders agreement, and (iii) preserving the value of the Company’s tax attributes on terms and conditions materially consistent with this Restructuring Term Sheet.
<b>Special Shareholder Meeting</b>	Contemporaneously with the launch of solicitation of votes on the Out-Of-Court Transaction and Pre-Packaged Chapter 11 Plan pursuant to the offering memoranda described above, the Company shall file a preliminary proxy statement setting the date and time of a special meeting of the Company’s Existing Equityholders to vote on certain issues related to the Restructuring, including an increase in the authorized shares of the Company and approvals pursuant to NASDAQ Rules 5635(b) and 5635(d).
<b>Equity Interests of Company and Reorganized Company Upon Consummation of the Restructuring</b>	Upon consummation of the Restructuring, the equity interests of Reorganized Company shall consist of: <ul style="list-style-type: none"> <li>• Common stock, which will be voting interests in the Company and entitle holders thereof to 100% of Cumulus Media Inc., subject to dilution by the MIP.</li> <li>• The equity interests representing the MIP.</li> </ul>

<sup>4</sup> [NTD: Securities/debt teams to schedule call to discuss and confirm change of control issues resolved.]

<b>Participation Threshold</b>	<p>The Out-Of-Court Transaction shall include a minimum participation condition that 98% of the Notes be tendered in the Note Exchange (the “<b><u>Participation Threshold</u></b>”). The Participation Threshold can be waived only by mutual consent of (a) the Company and (b) (i) 50% of the principal amount of Notes held by the members of the Ad Hoc Committee and (ii) a majority in number of the members of the Ad Hoc Committee ((i) and (ii) collectively, the “<b><u>Required Consenting Noteholders</u></b>”).</p> <p>If the Participation Threshold is not met or waived as set forth above, the Restructuring shall be consummated pursuant to the Pre-Packaged Chapter 11 Plan.</p>
<b>Transaction Structure</b>	<p>In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, the Restructuring transaction steps shall be as set forth in the Plan Term Sheet.</p> <p>In the event that the Restructuring is consummated pursuant to the Out-Of-Court Transaction, the Restructuring shall be implemented in the following manner and in the order below on the Restructuring Effective Date (other than the formation of the Reorganized Company, which shall occur prior to the Restructuring Effective Date):</p> <ul style="list-style-type: none"><li>• On the Restructuring Effective Date, the Participating Noteholders transfer 100% of their Notes to the Reorganized Company in exchange for 97% of the Reorganized Company Equity (the “<b><u>Note Exchange</u></b>”).</li><li>• On the Restructuring Effective Date and as a result of the Note Exchange, the Company will dilute the Existing Equity Interests to 3% of the Reorganized Company Equity.<sup>5</sup></li><li>• The Notes of Participating Noteholders will be discharged and extinguished in full on the Restructuring Effective Date.</li></ul>
<b>Restructuring Fees and</b>	<p>The Company shall pay all reasonable and documented fees and out of pocket expenses of one primary counsel to the Ad Hoc</p>

<sup>5</sup> NTD: Treatment of non-common stock equity instruments existing on the Restructuring Effective Date to be determined (including outstanding warrants and other outstanding classes of equity). In addition, per 10/28 discussion, PJT to provide a capitalization table reflecting each of the following: (i) the current capitalization, (ii) the pro forma capitalization post-stock split and (iii) the pro forma capitalization post-stock split and Note Exchange.

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<b>Expenses</b>	Committee, Akin Gump Strauss Hauer & Feld LLP, and one financial advisor to the Ad Hoc Committee, Houlihan Lokey Capital, Inc. (“ <b>Houlihan</b> ”), in each case, that are due and owing after receipt of applicable invoices, and in accordance with the terms of the applicable engagement letters, with any balance(s) paid on the Restructuring Effective Date, including, for the avoidance of doubt, the Deferred Fee (as defined in, and if earned in accordance with the terms of, the Houlihan engagement letter). <sup>6</sup>
<b>Chapter 11 Cases</b>	If (i) filing of the Pre-Packaged Chapter 11 Plan becomes necessary and the conditions precedent set forth in the RSAs have been satisfied, or (ii) the Company and the Required Consenting Noteholders mutually determine, for any reason, to pursue the Chapter 11 Cases in lieu of the Out-Of-Court Transaction, the Company and certain of its direct and indirect subsidiaries and affiliates shall file the Chapter 11 Cases in the Bankruptcy Court. The Pre-Packaged Chapter 11 Plan and the disclosure statement describing the Pre-Packaged Chapter 11 Plan (the “ <b>Disclosure Statement</b> ”) shall be filed on the same day as the filing of the Chapter 11 Cases or as soon thereafter as is reasonably practicable, but in no event later than the date set forth in the RSAs. The Pre-Packaged Chapter 11 Plan shall be in all material respects consistent with the Plan Term Sheet.
<b>Corporate Governance</b>	Existing corporate governance documents will be amended and restated or terminated, as necessary, to, among other things, set forth the rights and obligations of the parties (consistent with this Term Sheet) and a customary registration rights agreement providing for the registration of the equity interests issued in the Note Exchange (collectively, the “ <b>Corporate Governance Documents</b> ”). <sup>7</sup> Subject to the terms of the Restructuring Term Sheet, the Plan Term Sheet, the RSAs, and the Chapter 11 Plan (if any), the Corporate Governance Documents shall be acceptable to the Required Consenting Noteholders, in their sole and absolute discretion; <i>provided that</i> the Corporate Governance Documents shall provide, among other things, (i) that the Chief Executive Officer of the Company shall at all times be a member

<sup>6</sup> Houlihan Deferred Fee trigger to be modified to bring Deferred Fee in line with market and to provide that Deferred Fee will be payable upon consummation of any in-court transaction. HL/AG to provide revised draft reflecting same.

<sup>7</sup> NTD: In order to permit registration of the equity received in the Exchange Offer and in light of the Credit Agreement’s prohibition on transactions with affiliates, the equity either needs to be registered or a registration rights agreement must be executed prior to closing. Such rights to be provided in RSAs and such registration rights agreement shall be in the same form as previously agreed.

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	<p>of the Board of Directors, and (ii) for ordinary and customary indemnification obligations of the Company for the benefit of officers and directors of the Company.</p> <p>Notwithstanding anything to the contrary in this Restructuring Term Sheet, the Company's indemnification obligations in place as of the date hereof, whether in the bylaws, certificates of incorporation or formation, limited liability company agreements, other organizational or formation documents, board resolutions, management or indemnification agreements, employment contracts, or otherwise, for the benefit of the Company's current and former directors and officers, shall remain in place on the Restructuring Effective Date.</p>
<b>Board of Directors</b>	<p>The Board of Directors will be composed of seven (7) directors, one of whom shall be Mary G. Berner, as President and Chief Executive Officer of the Company, and six (6) of whom shall be designated by the Ad Hoc Committee following good faith consultation with the Chief Executive Officer, including an opportunity on reasonable notice for an in-person meeting between such proposed director and the Chief Executive Officer prior to such designation. The Consenting Noteholders shall agree to meet and interview in good faith and in a timely manner and upon reasonable notice up to three (3) potential members of the New Board identified by Mary G. Berner, in her capacity as Chief Executive Officer of the Company. The new members of the Board of Directors shall initially be appointed seriatim by the members of the existing board of directors (or by members of the board of directors that have been appointed by members of the existing board of directors) and otherwise composed in a manner consistent with the provisions of the First Lien Credit Agreement. The initial directors as of the Restructuring Effective Date shall be set forth in the Corporate Governance Documents. The initial term of the Board of Directors will be through the date of the 2019 annual meeting (the "<b><u>Initial Term</u></b>").<sup>8</sup></p>
<b>Management Incentive Plans</b>	<p>As set forth in <u>Exhibit A</u>.</p>
<b>Tax Matters</b>	<p>The parties will work together in good faith and will use reasonable best efforts to structure and implement the Restructuring and the transactions related thereto in a tax</p>

<sup>8</sup> For the avoidance of doubt, Capital Group shall not have the individual right to designate members of the Board of Directors.

	efficient and cost-effective manner for the Company and the Noteholders. The parties intend to structure the Restructuring to preserve favorable tax attributes to the extent practicable and not materially adverse to the Consenting Noteholders or the Company.
<b>Employment Agreements</b>	<p>In the event that the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan, the terms of the Plan Term Sheet shall govern the treatment of existing employment and compensation related agreements of the Company.</p> <p>In the event that the Restructuring is consummated pursuant to the Out-Of-Court Transaction, then, effective as of the Restructuring Effective Date, all employment and compensation related agreements of the Company existing as of the Restructuring Effective Date, including any indemnification and severance obligations, and incentive compensation plans related thereto, shall remain in place and continue in the ordinary course of business.</p>
<b>Non-Transfer</b>	<p>Each Consenting Noteholder will agree not to assign, sell, or otherwise transfer any Notes held by such Consenting Noteholder and will prevent any of its affiliates from transferring any such Notes, in each case, (i) unless the transferee(s) agree to be bound by the terms of the applicable RSA to which such Consenting Noteholder is a party or (ii) unless subject to a customary market-maker exception but with the ultimate transferee agreeing to be bound by the terms of the applicable RSA to which such Consenting Noteholder is a party.<sup>9</sup></p> <p>Each Consenting Stockholder will agree not to assign, sell, or otherwise transfer any Existing Equity Interests or other claims against or interests in the Company held by such Consenting Stockholder, or claim a worthless stock deduction in any such Existing Equity Interests or other claims or interests, and will prevent any of its affiliates from transferring any such Existing Equity Interests, claims or interests.</p>
<b>Coupon Waiver</b>	Subject to the terms of the applicable RSAs and the satisfaction of certain agreed upon conditions precedent, including a minimum tender and waiver of 95%, no default or breach of the

<sup>9</sup> Such transfer restrictions shall not bind that certain account managed by an affiliate of Capital Research and Management Company which (i) as of the date hereof, owns \$805,000 in aggregate principal amount of Notes and not in excess thereof and (ii) is restricted or restrained by its applicable organizational documents or similar applicable agreement or contract governing its operation and affairs (including its investment) from agreeing to such restriction or participating in the Note Exchange.

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	RSAs, and no litigation or proceedings challenging such waiver or the Note Exchange, the Consenting Noteholders shall agree to prospectively waive all interest owed to them on November 1, 2017 until the occurrence of certain agreed upon events, including a designated time period or the occurrence of an RSA termination event as described below.
<b>Revolving Credit Facility</b>	On the Restructuring Effective Date, the A/R Securitization Agreement shall remain in place and be available, or the Company shall have the option, with the consent of the Required Consenting Noteholders, to enter into a new ABL facility or another revolving facility (the “ <b>Revolving Facility</b> ”) providing commitments of up to \$50 million. If the Company elects to exercise this option, the Revolving Facility shall be undrawn on the Restructuring Effective Date.
<b>Regulatory Requirements</b>	All parties shall abide by, and use their commercially reasonable efforts to satisfy or obtain, any regulatory and licensing requirements or approvals to consummate the Restructuring as promptly as practicable including, but not limited to, requirements or approvals that may arise as a result of such party’s equity holdings in the Company.
<b>Fiduciary Duties</b>	<p>Nothing in this Restructuring Term Sheet, the Plan Term Sheet, any RSA, or any related document shall require the Company to take any action, or to refrain from taking any action, if the Company’s board of directors or any committee thereof determines in good faith that to do so, or that the failure to do so, would be inconsistent with the directors’ fiduciary duties under applicable law.</p> <p>Full disclosure of this “fiduciary out” (the “<b>Fiduciary Out</b>”) shall be included in the definitive offering memoranda, proxy statement, and Chapter 11 Plan described in this Restructuring Term Sheet.</p>
<b>Definitive Documents</b>	This Restructuring Term Sheet does not include a description of all of the terms, conditions, and other provisions that will be contained in the definitive documentation governing the Restructuring. The material documents implementing the Restructuring shall be materially consistent with this Restructuring Term Sheet, the Plan Term Sheet, and the RSAs, as applicable, and shall be in form and substance reasonably acceptable to each of the Company and the Required Consenting Noteholders (collectively, the “ <b>Definitive Documents</b> ”); <i>provided that</i> , subject to the terms of this Restructuring Term

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	Sheet, the Plan Term Sheet, the RSAs, and the Chapter 11 Plan (if any), the Corporate Governance Documents shall be determined by, and acceptable to, the Required Consenting Noteholders in their sole and absolute discretion; <i>provided further that</i> the Corporate Governance Documents shall provide, among other things, (i) that the Chief Executive Officer of the Company shall at all times be a member of the Board of Directors and (ii) for ordinary and customary indemnification obligations of the Company for the benefit of officers and directors of the Company.
<b>RSA Termination Events</b>	The RSAs shall include, <i>inter alia</i> , the following termination events: (i) failure by the Company to execute the Required Documents (as set forth below) by November 30, 2017, (ii) failure by the Company to file the applicable applications, petitions, and other requests with the Federal Communications Commission in connection with the Restructuring by [December 8, 2017], (iii) failure to either close the Out-Of-Court Transaction or file the Pre-Packaged Chapter 11 Plan with the Bankruptcy Court by 12:01 a.m., New York City time, on [April 1, 2018] <sup>10</sup> , (iv) failure to consummate the Pre-Packaged Chapter 11 Plan, if any, by 60 days after commencement of the Chapter 11 Cases, (v) entry of any order of the Bankruptcy Court approving the Company's use of cash collateral that is not reasonably acceptable to the Required Consenting Noteholders, (vi) the Company's Board of Directors or any committee thereof exercises the Fiduciary Out pursuant to its terms, (vii) the existing shareholders agreement is not terminated or rejected, and (viii) the Company and the Required Consenting Noteholders mutually determine, prior to the Restructuring Effective Date, that the Company's tax attributes on the Restructuring Effective Date will be materially worse than the Company's tax attributes, <i>pro forma</i> for the Restructuring, that are described in the offering memoranda.
<b>Governing Law and Forum</b>	New York governing law and consent to exclusive New York jurisdiction. Notwithstanding the preceding sentence, in the event the Chapter 11 Cases are commenced, the Bankruptcy Court shall have exclusive jurisdiction over all matters arising out of or in connection with the Restructuring.
<b>Required Documents</b>	The applicable parties will enter into the following documents

<sup>10</sup> NTD: the RSA will provide milestones for pivoting to an in-court transaction, including on the date at which it becomes apparent that the out-of-court transaction cannot close.

	<p>(the “<b>Required Documents</b>”):</p> <ul style="list-style-type: none"><li>• The RSAs (to be entered into, individually, by each member of the Ad Hoc Committee and any Consenting Stockholders).</li><li>• The Offering Memorandum and related documents (including the letters of transmittal), for the purposes of effectuating the exchange of claims under the Indenture as part of the Out-Of-Court Transaction and effecting the Proposed Amendments.</li><li>• The Solicitation Package, including the Pre-Packaged Chapter 11 Plan, the Disclosure Statement (the offering memorandum shall also serve as the Disclosure Statement) for the Pre-Packaged Chapter 11 Plan solicitation, proxy statement, and Plan Ballot, for purposes of effectuating the Out-Of-Court Transaction or the Pre-Packaged Chapter 11 Plan.</li><li>• Unless the Restructuring is consummated pursuant to the Pre-Packaged Chapter 11 Plan (in which case such releases shall be governed by the Pre-Packaged Chapter 11 Plan), mutual release agreements by and among the Company, the Ad Hoc Committee and its members, any Consenting Stockholders, the manager, management company or investment advisor of any of the foregoing, and with respect to each of the foregoing, their affiliates, subsidiaries, officers, directors, principals, members, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, equityholders, partners, and other professionals that are acceptable in form and substance to the Company, the Required Consenting Noteholders, and the Required Consenting Equityholders.</li><li>• Amendments to the articles of incorporation and bylaws of the Company and each of the Company’s subsidiaries and affiliates as necessary to effectuate the Restructuring.</li><li>• Any other ancillary documents necessary or desirable to effectuate the Restructuring.</li></ul>
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Privileged & Confidential  
Attorney Work Product  
AGSH&F Draft (11/1/17)  
FRE 408

**Exhibit A**

**Management Incentive Plans**

# **Exhibit C**

## **Filed under Seal**

# **Exhibit D**

## **Filed under Seal**



# Exhibit E

TODD McCARTY  
UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X

In re: : Chapter 11  
:  
CUMULUS MEDIA INC., et al., : Case No. 17-  
:  
:  
Debtors. :  
:  
-----X

VIDEOTAPED DEPOSITION OF TODD McCARTY  
New York, New York  
March 1, 2018

Reported by:  
KATHY S. KLEPFER, RMR, RPR, CRR, CLR  
JOB NO. 138621

1 TODD McCARTY

2 just kind of figuring out whether I wanted to  
3 join and that sort of thing, and then I -- I  
4 think my official day was just after Christmas.  
5 I think it was the 27th or 28th, something like  
6 that, of December.

7 Q. Okay. And when did you begin working  
8 on the EIP at Cumulus?

9 A. I believe it was in the month of  
10 December. Where I was talking with Mary about  
11 it and where I started working on it, I would  
12 have to go back and check the exact dates.

13 Q. December 2015?

14 A. Correct.

15 Q. So it was one of the first programs  
16 that you began working on at the company?

17 A. Yes.

18 Q. And prior to the EIP program that was  
19 put in place for 2016, there was no incentive  
20 program?

21 A. Not that I --

22 MR. KUBOTA: Objection to form.

23 A. Not that I have seen, no.

24 Q. Whose idea was it to establish an EIP  
25 program at Cumulus?

1 TODD McCARTY

2 A. As I recall, it was really Mary  
3 Berner's desire to have a program like that.

4 Q. Did you agree with that desire?

5 A. Absolutely.

6 Q. And why is that?

7 A. I think it's important to have an  
8 alignment in your organization against the right  
9 goals and to have incentive to perform against  
10 those goals.

11 Q. Okay. You mentioned that the EIP  
12 program was ultimately presented and approved by  
13 the Compensation Committee for Cumulus; is that  
14 right?

15 A. Yes.

16 Q. When was that?

17 A. I believe it was the -- in the late,  
18 late January. I don't have the exact date, but  
19 I believe it was late January.

20 Q. So tell me about the work that went  
21 into establishing the EIP program. What did you  
22 have to do to create it?

23 A. We -- I -- I drafted ideas along with  
24 hearing what was important to Mary and combined  
25 those -- those steps into, you know, draft

1 TODD McCARTY

2 plans, and then we had other involvement in  
3 terms of people commenting to it. An outside  
4 consultant that we worked with named Julia  
5 Whitehead was also involved in that process over  
6 those weeks.

7 Q. What company was with -- if any, was  
8 Ms. Whitehead with?

9 A. She's in her own consulting firm.

10 Q. So you began working with Ms.  
11 Whitehead back in December of 2015 with respect  
12 to --

13 A. I don't recall if it was December or  
14 January, but in that timeframe.

15 Q. Okay. I've got to get my question  
16 out.

17 But you began working with her with  
18 respect to the EIP program?

19 A. Yes.

20 Q. In the December 2015/January 2016  
21 timeframe?

22 A. Yes.

23 Q. When did you start working with  
24 Meridian?

25 MR. KUBOTA: Objection to form.

# Exhibit F

**CUMULUS MEDIA INC.**

**2011 EQUITY INCENTIVE PLAN**

1. **Purpose.** The purpose of this Cumulus Media Inc. 2011 Equity Incentive Plan is to attract and retain non-employee Directors, consultants, officers and other employees of Cumulus Media Inc., a Delaware corporation, and its Subsidiaries and to provide to such persons incentives and rewards for performance.

2. **Definitions.** As used in this Plan,

(a) “Appreciation Right” means a right granted pursuant to Section 5 or Section 9 of this Plan, and will include both Free-Standing Appreciation Rights and Tandem Appreciation Rights.

(b) “Base Price” means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right or a Tandem Appreciation Right.

(c) “Board” means the Board of Directors of the Company.

(d) “Committee” means a committee of the Board designated by the Board to administer this Plan pursuant to Section 11 of this Plan consisting solely of not less than two Non-Employee Directors.

(e) “Change in Control” has the meaning set forth in Section 13 of this Plan.

(f) “Code” means the Internal Revenue Code of 1986, as amended from time to time.

(g) “Common Stock” means the Class A Common Stock of the Company, \$0.01 par value per share, or any security into which such Class A Common Stock may be changed by reason of any transaction or event of the type referred to in Section 12 of this Plan.

(h) “Company” means Cumulus Media Inc., a Delaware corporation.

(i) “Covered Employee” means a Participant who is, or is determined by the Committee to be likely to become, a “covered employee” within the meaning of Section 162(m) of the Code (or any successor provision).

(j) “Date of Grant” means the date specified by the Committee on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units or other awards contemplated by Section 10 of this Plan, or a grant or sale of Restricted Stock, Restricted Stock Units, or other awards contemplated by Section 10 of this Plan will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

(k) “Detrimental Activity” means:

(i) Engaging in any activity as an employee, principal, agent, or consultant for another entity that competes, directly or indirectly, with the Company in any actual, researched, or prospective product, service, system, or business activity for which the Participant has had any direct or indirect responsibility during the last two years of his or her employment with, or having acted as a consultant to, the Company or a Subsidiary (or such other period specified in an Evidence of Award), in any territory in which the Company or a Subsidiary manufactures, sells, markets, services, or utilizes such product, service, or system, or engages in such business activity (or any portion of such territory or such other territory specified in the Evidence of Award).

(ii) Soliciting any employee of the Company or a Subsidiary to terminate his or her employment with the Company or a Subsidiary.

(iii) The disclosure to anyone outside the Company or a Subsidiary, or the use in other than the Company’s or a Subsidiary’s business, without prior written authorization from the Company, of any confidential, proprietary or trade secret information or material relating to the business of the Company or its Subsidiaries, acquired by the Participant during his or her employment with the

Company or its Subsidiaries or while acting as a director of or consultant for the Company or its Subsidiaries.

(iv) The failure or refusal to disclose promptly and to assign to the Company upon request all right, title and interest in any invention or idea, patentable or not, made or conceived by the Participant during employment by, or while consulting with, the Company or any Subsidiary, relating in any manner to the actual or anticipated business, research or development work of the Company or any Subsidiary or the failure or refusal to do anything reasonably necessary to enable the Company or any Subsidiary to secure a patent where appropriate in the United States and in other countries.

(v) Activity that results in Termination for Cause. For the purposes of this Section, "Termination for Cause" will mean a termination:

(A) due to the Participant's willful and continuous gross neglect of his or her duties for which he or she is employed; or

(B) due to an act of dishonesty on the part of the Participant resulting or intended to result, directly or indirectly, in his or her gain for personal enrichment at the expense of the Company or a Subsidiary.

(vi) Any other conduct or act determined to be injurious, detrimental or prejudicial to any significant interest of the Company or any Subsidiary unless the Participant acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

(l) "Director" means a member of the Board.

(m) "Effective Date" means the date this Plan is approved by the stockholders of the Company.

(n) "Evidence of Award" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under the Plan. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.

(o) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(p) "Existing Plans" means the Company's 2008 Equity Incentive Plan, Amended and Restated 2004 Equity Incentive Plan, 2002 Stock Incentive Plan, 2000 Stock Incentive Plan, 1999 Executive Stock Incentive Plan, 1999 Stock Incentive Plan and 1998 Stock Incentive Plan.

(q) "Free-Standing Appreciation Right" means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is not granted in tandem with an Option Right.

(r) "Incentive Stock Options" means Option Rights that are intended to qualify as "incentive stock options" under Section 422 of the Code or any successor provision.

(s) "Management Objectives" means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares or Performance Units or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend credits or other awards pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, division, department, region, function or other organizational unit within the Company or Subsidiary in which the Participant is employed. The Management Objectives may be made relative to the performance of other companies or subsidiaries, divisions, departments, regions, functions or other organizational units within such other companies, and may be made relative to an index or one or more of the performance criteria themselves.



The Committee may grant awards subject to Management Objectives that are either Qualified Performance-Based Awards or are not Qualified Performance-Based Awards. The Management Objectives applicable to any Qualified Performance-Based Award to a Covered Employee will be based on one or more, or a combination, of the following metrics:

- (i) Profits (e.g., operating income, EBIT, EBT, net income, “station operating income,” earnings per share, residual or economic earnings, economic profit — these profitability metrics could be measured or subject to GAAP definition);
- (ii) Cash Flow (e.g., EBITDA, free cash flow, “broadcast cash flow,” free cash flow with or without specific capital expenditure target or range, including or excluding divestments and/or acquisitions, total cash flow, cash flow in excess of cost of capital or residual cash flow or cash flow return on investment);
- (iii) Returns (e.g., Profits or Cash Flow returns on: assets, invested capital, net capital employed, and equity);
- (iv) Working Capital (e.g., working capital divided by sales, days’ sales outstanding, days’ sales inventory, and days’ sales in payables);
- (v) Profit Margins (e.g., Profits divided by revenues, gross margins and material margins divided by revenues, and material margin divided by sales pounds);
- (vi) Liquidity Measures (e.g., debt-to-capital, debt-to-EBITDA, total debt ratio);
- (vii) Sales Growth, Gross Margin Growth, Cost Initiative and Stock Price Metrics (e.g., revenues, revenue growth, revenue growth outside the United States, gross margin and gross margin growth, material margin and material margin growth, stock price appreciation, total return to shareholders, sales and administrative costs divided by sales, and sales and administrative costs divided by profits); and
- (viii) Strategic Initiative Key Deliverable Metrics consisting of one or more of the following: product development, strategic partnering, research and development, vitality index, market penetration, geographic business expansion goals, cost targets, customer satisfaction, employee satisfaction, management of employment practices and employee benefits, supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates and joint ventures.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the related minimum acceptable level of achievement, in whole or in part, as the Committee deems appropriate and equitable, except in the case of a Qualified Performance-Based Award (other than in connection with a Change in Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, the Committee will not make any modification of the Management Objectives or minimum acceptable level of achievement with respect to such Covered Employee.

(t) “Market Value per Share” means, as of any particular date, the closing price of a share of Common Stock as reported for that date on the NASDAQ Stock Market or, if the Common Stock is not then listed on the NASDAQ Stock Market, on any other national securities exchange on which the Common Stock is listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred. If there is no regular public trading market for the Common Stock, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(u) “Non-Employee Director” means a person who is a “Non-Employee Director” of the Company within the meaning of Rule 16b-3 promulgated under the Exchange Act and an “outside director” within the meaning of Section 162(m) of the Code and the regulations promulgated thereunder by the U.S. Department of the Treasury.

(v) “Optionee” means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

(w) “Option Price” means the purchase price payable on exercise of an Option Right.

(x) “Option Right” means the right to purchase shares of Common Stock upon exercise of an option granted pursuant to Section 4 or Section 9 of this Plan.

(y) “Participant” means a person who is selected by the Committee to receive benefits under this Plan and who is at the time a consultant, an officer, or other employee of the Company or any Subsidiary or who has agreed to commence serving in any of such capacities within 90 days of the Date of Grant, and will also include each non-employee Director who receives an award under this Plan. The term “Participant” will also include any person who provides services to the Company or a Subsidiary that are equivalent to those typically provided by an employee.

(z) “Performance Period” means, in respect of a Performance Share or Performance Unit, a period of time established pursuant to Section 8 of this Plan within which the Management Objectives relating to such Performance Share or Performance Unit are to be achieved.

(aa) “Performance Share” means a bookkeeping entry that records the equivalent of one share of Common Stock awarded pursuant to Section 8 of this Plan.

(bb) “Performance Unit” means a bookkeeping entry awarded pursuant to Section 8 of this Plan that records a unit equivalent to \$1.00 or such other value as is determined by the Committee.

(cc) “Plan” means this Cumulus Media Inc. 2011 Equity Incentive Plan, as may be amended from time to time.

(dd) “Qualified Performance-Based Award” means any award of Performance Shares, Performance Units, Restricted Stock, Restricted Stock Units or other awards contemplated under Section 10 of this Plan, or portion of such award, to a Covered Employee that is intended to satisfy the requirements for “qualified performance-based compensation” under Section 162(m) of the Code.

(ee) “Restricted Stock” means shares of Common Stock granted or sold pursuant to Section 6 or Section 9 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.

(ff) “Restriction Period” means the period of time during which Restricted Stock Units are subject to restrictions, as provided in Section 7 or Section 9 of this Plan.

(gg) “Restricted Stock Unit” means an award made pursuant to Section 7 or Section 9 of this Plan of the right to receive shares of Common Stock or cash at the end of a specified period.

(hh) “Spread” means the excess of the Market Value per Share on the date when an Appreciation Right is exercised, or on the date when Option Rights are surrendered in payment of the Option Price of other Option Rights, over the Option Price or Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.

(ii) “Subsidiary” means a corporation, company or other entity (i) more than 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, or unincorporated association), but more than 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any

grant of Incentive Stock Options, "Subsidiary" means any corporation in which at the time the Company owns or controls, directly or indirectly, more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.

(jj) "Tandem Appreciation Right" means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is granted in tandem with an Option Right.

### 3. Shares Available Under the Plan.

#### (a) Maximum Shares Available Under Plan.

(i) Subject to adjustment as provided in Section 12 of this Plan, the number of shares of Common Stock that may be issued or transferred (A) upon the exercise of Option Rights or Appreciation Rights, (B) as Restricted Stock and released from substantial risks of forfeiture thereof, (C) in payment of Restricted Stock Units, (D) in payment of Performance Shares or Performance Units that have been earned, (E) as awards to non-employee Directors, (F) as awards contemplated by Section 10 of this Plan, or (G) in payment of dividend equivalents paid with respect to awards made under the Plan will not exceed in the aggregate 35,000,000. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(ii) Shares of Common Stock covered by an award granted under this Plan will not be counted as used unless and until they are actually issued and delivered to a Participant and, therefore, the total number of shares available under this Plan as of a given date will not be reduced by any shares relating to prior awards that have expired or have been forfeited or cancelled. Upon payment in cash of the benefit provided by any award granted under the Plan, any shares of Common Stock that were covered by that award will again be available for issue or transfer hereunder. Notwithstanding anything to the contrary contained herein: (A) if shares of Common Stock are tendered or otherwise used in payment of the Option Price of an Option Right, the total number of shares covered by the Option Right being exercised will reduce the aggregate plan limit described above; (B) shares of Common Stock withheld by the Company to satisfy the tax withholding obligation will reduce the aggregate plan limit described above; and (C) the number of shares of Common Stock covered by an Appreciation Right, to the extent that it is exercised and settled in shares of Common Stock, and whether or not all shares of Common Stock covered by the Appreciation Right are actually issued to the Participant upon exercise of the Appreciation Right, will be considered issued or transferred pursuant to this Plan. In the event that the Company repurchases shares with Option Right proceeds, those shares will not be added to the aggregate plan limit described above. If, under this Plan, a Participant has elected to give up the right to receive compensation otherwise payable in cash in exchange for shares of Common Stock based on fair market value, such shares of Common Stock will not count against the aggregate plan share limit described above or any of the share limits described below.

(b) Life of Plan Limits. Notwithstanding anything in this Section 3, or elsewhere in this Plan, to the contrary and subject to adjustment as provided in Section 12 of this Plan,

(i) the aggregate number of shares of Common Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed the 17,500,000 shares of Common Stock.

(ii) the number of shares issued as Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units and other awards under Section 10 of this Plan (after taking into account any forfeitures and cancellations) will not during the life of the Plan in the aggregate exceed 12,000,000 shares of Common Stock.

(c) Individual Participant Limits; Other Limits. Notwithstanding anything in this Section 3, or elsewhere in this Plan to the contrary, and subject to adjustment as provided in Section 12 of this Plan:

(i) No Participant will be granted Option Rights or Appreciation Rights, in the aggregate, for more than 11,500,000 shares of Common Stock during any calendar year.

(ii) No Participant will be granted Qualified Performance-Based Awards of Restricted Stock, Restricted Stock Units, Performance Shares or other awards under Section 10 of this Plan, in the aggregate, for more than 3,000,000 shares of Common Stock during any calendar year.

(iii) Notwithstanding any other provision of this Plan to the contrary, in no event will any Participant in any calendar year receive a Qualified Performance Based Award of Performance Units having an aggregate maximum value as of their respective Date of Grants in excess of \$5,000,000.

(d) Notwithstanding anything in this Plan to the contrary, up to 10% of the maximum number of shares of Common Stock that may be issued or transferred under this Plan as provided for in Section 3(a) of this Plan, as may be adjusted under Section 12 of this Plan, may be used for (i) awards granted under Sections 6 through 8 and Section 10 of this Plan that do not comply with the three-year or one-year vesting requirements set forth in such Sections of this Plan plus (ii) awards granted to non-employee Directors under Section 9 of this Plan.

**4. Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of shares of Common Stock to which it pertains subject to the limitations set forth in Section 3 of this Plan.

(b) Each grant will specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of shares of Common Stock owned by the Optionee (or other consideration authorized pursuant to Section 4(d) of this Plan) having a value at the time of exercise equal to the total Option Price, (iii) by a combination of such methods of payment, or (iv) by such other methods as may be approved by the Committee.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(f) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable; provided, however, that Option Rights may not become exercisable by the passage of time sooner than one-third per year over three years. A grant of Option Rights may provide for the earlier exercise of such Option Rights in the event of the retirement, death or disability of a Participant, or in the event of a Change in Control.

(g) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights; provided, however, that Option Rights that become exercisable upon the achievement of Management Objectives may not become exercisable sooner than one-year from the Date of Grant.

(h) Option Rights granted under this Plan may be (i) options, including, without limitation, Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended so to qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of "employees" under Section 3401(c) of the Code.

(i) Option Rights granted under this Plan shall not provide for any dividends or dividend equivalents thereon.

(j) The exercise of an Option Right will result in the cancellation on a share- for-share basis of any Tandem Appreciation Right authorized under Section 5 of this Plan.

(k) No Option Right will be exercisable more than 10 years from the Date of Grant.

(l) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

#### **5. Appreciation Rights.**

(a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right will be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; provided, however, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right will be a right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations contained in the following provisions:

(i) Each grant will specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, shares of Common Stock or in any combination thereof.

(ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee at the Date of Grant.

(iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods; provided, however, that Appreciation Rights may not become exercisable by the passage of time sooner than one-third per year over three years.

(iv) Each grant may specify the period or periods of continuous service by the Participant with the Company or any Subsidiary that is necessary before the Appreciation Rights or installments thereof will become exercisable. A grant of Appreciation Rights may provide for the earlier exercise of such Appreciation Rights in the event of the retirement, death or disability of a Participant, or in the event of a Change in Control.

(v) Appreciation Rights granted under this Plan shall not provide for any dividends or dividend equivalents thereon.

(vi) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights; provided, however, that Appreciation Rights that become exercisable upon the achievement of Management Objectives may not become exercisable sooner than one year from the Date of Grant.

(vii) Each grant of Appreciation Rights will be evidenced by an Evidence of Award, which Evidence of Award will describe such Appreciation Rights, identify the related Option Rights (if applicable), and contain such other terms and provisions, consistent with this Plan, as the Committee may approve.

(c) Any grant of Tandem Appreciation Rights will provide that such Tandem Appreciation Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation. Successive grants of

Tandem Appreciation Rights may be made to the same Participant regardless of whether any Tandem Appreciation Rights previously granted to the Participant remain unexercised.

(d) Regarding Free-Standing Appreciation Rights only:

(i) Each grant will specify in respect of each Free-Standing Appreciation Right a Base Price, which may not be less than the Market Value per Share on the Date of Grant;

(ii) Successive grants may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and

(iii) No Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

**6. Restricted Stock.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Stock to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute an immediate transfer of the ownership of shares of Common Stock to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(c) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale that vests upon the passage of time will be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Code for a period to be determined by the Committee at the Date of Grant or upon achievement of Management Objectives referred to in subparagraph (e) below. If the elimination of restrictions is based only on the passage of time rather than the achievement of Management Objectives, the period of time will be no shorter than three years, except that the restrictions may be removed ratably during the three-year period, on at least an annual basis, as determined by the Committee.

(d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Committee at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture in the hands of any transferee).

(e) Any grant of Restricted Stock may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Stock; provided, however, that, notwithstanding subparagraph (c) above, restrictions relating to Restricted Stock that vests upon the achievement of Management Objectives may not terminate sooner than one year from the Date of Grant. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of shares of Restricted Stock on which restrictions will terminate if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives. The grant of a Qualified Performance-Based Award of Restricted Stock will specify that, before the termination or early termination of restrictions applicable to such Restricted Stock, the Committee must determine that the Management Objectives have been satisfied.

(f) Notwithstanding anything to the contrary contained in this Plan, any grant or sale of Restricted Stock may provide for the earlier termination of restrictions on such Restricted Stock in the event of the retirement, death or disability of a Participant, or in the event of a Change in Control.

(g) Any such grant or sale of Restricted Stock may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested

in additional shares of Restricted Stock, which may be subject to the same restrictions as the underlying award; provided, however, that dividends or other distributions on Restricted Stock with 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.

(h) Each grant or sale of Restricted Stock will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing shares of Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares, or (ii) all shares of Restricted Stock will be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such shares of Restricted Stock.

**7. Restricted Stock Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute the agreement by the Company to deliver shares of Common Stock or cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Committee may specify. If a grant of Restricted Stock Units specifies that the Restriction Period will terminate only upon the achievement of Management Objectives or that the Restricted Stock Units will be earned based on the achievement of Management Objectives, then, notwithstanding anything to the contrary contained in subparagraph (c) below, the applicable Restriction Period may not be a period of less than one year from the Date of Grant. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of Restricted Stock Units on which restrictions will terminate if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives. The grant of Qualified Performance-Based Awards of Restricted Stock Units will specify that, before the termination or early termination of restrictions applicable to such Restricted Stock Units or the earning of such Restricted Stock Units, the Committee must determine that the Management Objectives have been satisfied.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.

(c) If the Restriction Period lapses only by the passage of time rather than the achievement of Management Objectives as provided in subparagraph (a) above, each such grant or sale will be subject to a Restriction Period of not less than three years, except that a grant or sale may provide that the Restriction Period will expire ratably during the three-year period, on at least an annual basis, as determined by the Committee.

(d) Notwithstanding anything to the contrary contained in this Plan, any grant or sale of Restricted Stock Units may provide for the earlier lapse or other modification of the Restriction Period in the event of the retirement, death or disability of a Participant, or in the event of a Change in Control.

(e) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the shares of Common Stock deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current or deferred or contingent basis, either in cash or in additional shares of Common Stock; provided, however, that dividends or other distributions on shares of Common Stock underlying Restricted Stock

Units with 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.

(f) Each grant or sale will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in shares of Common Stock or cash, or a combination thereof.

(g) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

**8. Performance Shares and Performance Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of Performance Shares and Performance Units that will become payable to a Participant upon achievement of specified Management Objectives during the Performance Period. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number of Performance Shares or Performance Units to which it pertains, which number or amount may be subject to adjustment to reflect changes in compensation or other factors; provided, however, that no such adjustment will be made in the case of a Qualified Performance-Based Award (other than in connection with the death or disability of the Participant or a Change in Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code.

(b) The Performance Period with respect to each Performance Share or Performance Unit will be such period of time (not less than one year) as will be determined by the Committee at the time of grant, which may be subject to earlier lapse or other modification in the event of the retirement, death or disability of a Participant, or in the event of a Change in Control; provided, however, that no such adjustment will be made in the case of a Qualified Performance-Based Award (other than in connection with the death or disability of the Participant or a Change in Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such event, the Evidence of Award will specify the time and terms of delivery.

(c) Any grant of Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the award, and each grant may specify in respect of such specified Management Objectives a minimum acceptable level or levels of achievement and will set forth a formula for determining the number of Performance Shares or Performance Units that will be earned if performance is at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives. The grant of a Qualified Performance-Based Award of Performance Shares or Performance Units will specify that, before the Performance Shares or Performance Units will be earned and paid, the Committee must determine that the Management Objectives have been satisfied.

(d) Each grant will specify the time and manner of payment of Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in shares of Common Stock, in Restricted Stock or Restricted Stock Units or in any combination thereof.

(e) Any grant of Performance Shares or Performance Units may specify that the amount payable or the number of shares of Common Stock, shares of Restricted Stock or Restricted Stock Units with respect thereto may not exceed a maximum specified by the Committee at the Date of Grant.

(f) The Committee may, at the Date of Grant of Performance Shares, provide for the payment of dividend equivalents to the holder thereof, either in cash or in additional shares of Common Stock, subject in all cases to deferral and payment on a contingent basis based on the Participant's earning of the Performance Shares with respect to which such dividend equivalents are paid.



(g) Each grant of Performance Shares or Performance Units will be evidenced by an Evidence of Award and will contain such other terms and provisions, consistent with this Plan, as the Committee may approve.

**9. Awards to Non-Employee Directors.** Subject to the limits set forth in Section 3 of this Plan, the Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to non-employee Directors of Option Rights, Appreciation Rights or other awards contemplated by Section 10 of this Plan and may also authorize the grant or sale of shares of Common Stock, Restricted Stock or Restricted Stock Units to non-employee Directors. Each grant of an award to a non-employee Director will be upon such terms and conditions as approved by the Committee, will not be required to be subject to any minimum vesting period, and will be evidenced by an Evidence of Award in such form as will be approved by the Committee. Each grant will specify in the case of an Option Right an Option Price per share, and in the case of a Free-Standing Appreciation Right, a Base Price per share, which will not be less than the Market Value per Share on the Date of Grant. Each Option Right and Free-Standing Appreciation Right granted under the Plan to a non-employee Director will expire not more than 10 years from the Date of Grant and will be subject to earlier termination as hereinafter provided. If a non-employee Director subsequently becomes an employee of the Company or a Subsidiary while remaining a member of the Board, any award held under this Plan by such individual at the time of such commencement of employment will not be affected thereby. Non-employee Directors, pursuant to this Section 9, may be awarded, or may be permitted to elect to receive, pursuant to procedures established by the Board, all or any portion of their annual retainer, meeting fees or other fees in shares of Common Stock, Restricted Stock, Restricted Stock Units or other awards under the Plan in lieu of cash.

**10. Other Awards.**

(a) Subject to applicable law and the limits set forth in Section 3 of this Plan, the Committee may grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Common Stock or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of Common Stock, purchase rights for shares of Common Stock, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of shares of Common Stock or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Committee will determine the terms and conditions of such awards. Shares of Common Stock delivered pursuant to an award in the nature of a purchase right granted under this Section 10 will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, shares of Common Stock, other awards, notes or other property, as the Committee determines.

(b) The Committee may grant shares of Common Stock as a bonus, or may grant other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

(c) If the earning or vesting of, or elimination of restrictions applicable to, an award granted under this Section 10 is based only on the passage of time rather than the achievement of Management Objectives, the period of time shall be no shorter than three years, except that the restrictions may be removed no sooner than ratably on an annual basis during the three-year period as determined by the Committee. If the earning or vesting of, or elimination of restrictions applicable to, awards granted under this Section 10 is based on the achievement of Management Objectives, the earning, vesting or restriction period may not terminate sooner than one year from the Date of Grant.

(d) Notwithstanding anything to the contrary contained in this Plan, any grant of an award under this Section 10 may provide for the earning or vesting of, or earlier elimination of restrictions applicable

to, such award in the event of the retirement, death or disability of the Participant, or in the event of a Change in Control.

**11. Administration of the Plan.**

(a) This Plan will be administered by the Committee. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.

(b) The interpretation and construction by the Committee of any provision of this Plan or of any agreement, notification or document evidencing the grant of awards under this Plan and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith.

(c) The Committee may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under the Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan; (ii) determine the size of any such awards; provided, however, that (A) the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer, Director, or more than 10% beneficial owner of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act, or any Covered Employee; (B) the resolution providing for such authorization sets forth the total number of shares of Common Stock such officer(s) may grant; and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.

**12. Adjustments.** The Committee will make or provide for such adjustments in the numbers of shares of Common Stock covered by outstanding Option Rights, Appreciation Rights, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of shares of Common Stock covered by other awards granted pursuant to Section 10 hereof, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, and in the kind of shares covered thereby, as the Committee, in its sole discretion, may determine is equitably required to prevent dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee, in its discretion, may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its sole discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right. The Committee will also make or provide for such adjustments in the numbers of shares specified in Section 3 of this Plan as the Committee in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described in this Section 12; provided, however, that any such adjustment to the number specified in Section 3(b) will be made

only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail to so qualify.

**13. Change in Control.** For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan, a “Change in Control” will be deemed to have occurred upon the occurrence of any of the following events:

(a) the consummation of any 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” of related persons (as such terms are used in Section 13(d)(3) of the Securities Exchange Act of 1934),

(b) the adoption of a plan relating to the liquidation or dissolution of the Company,

(c) the 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” (as such term is defined in Rule 13d-3 and Rule 13d-5 under the Securities Exchange Act of 1934, but excluding, for this purpose, 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,

(d) the first day on which a majority of the members of the Board are not Continuing Directors.

“Continuing Directors” means, as of any date of determination, any member of the Board who (i) was a member of the Board on the date this plan is approved by the Company’s stockholders or (ii) was nominated for election or elected to the Board with the approval of (A) two-thirds of the Continuing Directors who were members of the Board at the time of such nomination or election or (B) two-thirds of those Directors who were previously approved by Continuing Directors.

**14. Detrimental Activity and Recapture Provisions.** Any Evidence of Award may provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either during employment by the Company or a Subsidiary or within a specified period after termination of such employment, shall engage in any Detrimental Activity. In addition, notwithstanding anything in this Plan to the contrary, any Evidence of Award may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Stock may be traded.

**15. Non U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including, without limitation, sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the stockholders of the Company.

**16. Transferability.**

(a) Except as otherwise determined by the Committee, no Option Right, Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, award contemplated by Section 9 or 10 of this Plan or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except by will or the laws of descent and distribution, and in no event will any such award granted under the Plan be transferred for value. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

(b) The Committee may specify at the Date of Grant that part or all of the shares of Common Stock that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, will be subject to further restrictions on transfer.

**17. Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of shares of Common Stock, and such Participant fails to make arrangements for the payment of tax, the Company will withhold such shares of Common Stock having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income and employment tax laws, the Participant may elect to satisfy the obligation, in whole or in part, by electing to have withheld, from the shares required to be delivered to the Participant, shares of Common Stock having a value equal to the amount required to be withheld (except in the case of Restricted Stock where an election under Section 83(b) of the Code has been made), or by delivering to the Company other shares of Common Stock held by such Participant. The shares used for tax withholding will be valued at an amount equal to the Market Value per Share of such shares of Common Stock on the date the benefit is to be included in Participant's income. In no event will the Market Value per Share of the shares of Common Stock to be withheld and delivered pursuant to this Section to satisfy applicable withholding taxes in connection with the benefit exceed the minimum amount of taxes required to be withheld. Participants will also make such arrangements as the Company may require for the payment of any withholding tax obligation that may arise in connection with the disposition of shares of Common Stock acquired upon the exercise of Option Rights.

**18. Compliance with Section 409A of the Code.**

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's

benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owing by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.

(d) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

#### 19. Amendments.

(a) The Board may at any time and from time to time amend this Plan in whole or in part; provided, however, that if an amendment to this Plan (i) would materially increase the benefits accruing to participants under this Plan, (ii) would materially increase the number of shares of Common Stock which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan, or (iv) must otherwise be approved by the stockholders of the Company in order to comply with applicable law or the rules of the NASDAQ Stock Market or, if the shares of Common Stock are not traded on the NASDAQ Stock Market, the principal national securities exchange upon which the shares of Common Stock are traded or quoted, then, such amendment will be subject to stockholder approval and will not be effective unless and until such approval has been obtained.

(b) Except in connection with a corporate transaction or event described in Section 12 of this Plan, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding Option Rights or Appreciation Rights in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without stockholder approval. This Section 19(b) is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in Section 12 of this Plan.

(c) If permitted by Section 409A of the Code and Section 162(m) of the Code, but subject to the paragraph that follows, in the case of termination of employment by reason of death, disability or retirement, or in the event of a Change in Control, to the extent a Participant holds an Option Right or Appreciation Right not immediately exercisable in full, or any shares of Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Performance Shares or Performance Units which have not been fully earned, or any other awards made pursuant to Section 9 or 10 subject to any vesting schedule or transfer restriction, or who holds shares of Common Stock subject to any transfer restriction imposed pursuant to Section 16(b) of this Plan, the Committee may, in its sole discretion, accelerate the time at which such Option Right, Appreciation Right or other award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Performance

Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award, except in the case of a Qualified Performance-Based Award where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code.

Subject to Section 19(b) hereof, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively, except in the case of a Qualified Performance-Based Award (other than in connection with the Participant's death or disability, or a Change in Control) where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, the Committee will not make any modification of the Management Objectives or the level or levels of achievement with respect to such Qualified Performance-Based Award. Subject to Section 12 above, no such amendment will impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

**20. Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Georgia.

**21. Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grants will be made on or after the Effective Date under the Existing Plans, except that outstanding awards granted under the Existing Plans will continue unaffected following the Effective Date. No grant will be made under this Plan more than 10 years after the date on which this Plan is first approved by the stockholders of the Company, but all grants made on or prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan.

**22. Miscellaneous Provisions.**

(a) The Company will not be required to issue any fractional shares of Common Stock pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

(b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.

(c) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of stock thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(e) Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries will not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder.

(f) No Participant will have any rights as a stockholder with respect to any shares subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares upon the stock records of the Company.

(g) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(h) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of shares of Common Stock under the Plan pursuant to such

rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the payment or crediting of dividend equivalents or interest on the deferral amounts.

(i) If any provision of this Plan is or becomes invalid, illegal or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect.

# Exhibit G



UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re: )  
CUMULUS MEDIA INC., et al., ) No. 17-13381  
Debtors. )  
\_\_\_\_\_ )

\* \* C O N F I D E N T I A L \* \*

Videotaped 30(b)(6) Deposition of Willis Towers  
Watson Delaware Inc. By: ZACH GEORGESON  
New York, New York  
March 7, 2018

Reported by: BONNIE PRUSZYNSKI, RMR, RPR, CLR  
Job No: 138628

1 Confidential - Z. Georgeson

2 under the QIP?

3 A. Conceptually, the true-up feature  
4 works such that at the end of the annual  
5 performance period, i.e., 2017, to the extent  
6 that overall annual performance was in excess  
7 of what had been paid out previously under  
8 the various other quarterly provisions, that  
9 difference, that delta would be paid to  
10 participants to the extent only earned, and  
11 so it's a -- in my words, a positive true-up,  
12 a positive catch-up, that is done at -- only  
13 at the end of the performance period, i.e.,  
14 the full year.

15 Q. So, stated differently, if you miss  
16 a quarterly target because the quarterly  
17 EBITDA is not met, but attain the year-end  
18 EBITDA target, the employee would be eligible  
19 for a true-up payment?

20 A. Correct. Just to clarify, yes, to  
21 the extent that the aggregate performance was  
22 in excess of the sum of the parts, that  
23 difference would be paid.

24 Q. And am I also correct that it is a  
25 one-way true-up and that it applies only to

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2 the extent that additional payments are  
3 eligible to be awarded?

4 A. Correct. It's a one-way and a  
5 positive true-up, yes.

6 Q. So, if previous quarterly payments  
7 were met, were made, but the annual target  
8 was not, there is no mechanism under the QIP  
9 to take money away --

10 A. Correct.

11 Q. -- that was previously awarded.

12 A. Excuse me. Yes.

13 Q. And in your experience, is this  
14 type of a true-up feature common in executive  
15 compensation plans?

16 MR. KUBOTA: Objection to form.

17 A. So, I guess two responses there.  
18 One, as we reviewed the post-petition cases  
19 that we have provided in the declaration, and  
20 on the basis of our experience in other  
21 restructurings, we have seen that concept in  
22 place. So, it's observed relative to that  
23 database.

24 But two, in the confines of outside  
25 of the restructuring world, it's relatively

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2 uncommon.

3 Q. Okay. And have you ever in your  
4 experience seen a two-way true-up, one that  
5 provides for either additional payments or  
6 clawing back payments that had previously  
7 been made if year-end targets were not made?

8 A. As an executive compensation  
9 consultant, I have not seen that for a client  
10 or as part of a plan design.

11 Q. And is -- is a two-way true-up  
12 something that you don't view to be  
13 reasonable?

14 A. No. I would -- I would -- the  
15 answer is no, and if I may offer additional  
16 commentary on that. The concept was, to my  
17 earlier point, we want this to only be  
18 incentivizing, not a retention plan. We  
19 wanted this to be incentivizing. And the  
20 concept was, hey, look, we want this to --  
21 participants, if they were to have a bad  
22 quarter, to use your example, to not be  
23 immediately disengaged, or a bad two  
24 quarters. The concept is, let's provide an  
25 incentive such that if the annual numbers are

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2 there, individuals could still participate in  
3 that appreciation and receive payments  
4 relative to that performance.

5 So, the starting point is, I  
6 advised the company and the committee this  
7 was only -- enhances the incentivizing nature  
8 of this, as opposed to a punitive measure.

9 Q. Okay. Well, under the previously  
10 existing annual plan, would you agree that  
11 conceptually employees are incentivized  
12 throughout the year to work towards whatever  
13 the year-end target might be?

14 A. I'm sorry. Can you say that again,  
15 please?

16 Q. Sure.

17 The previously existing annual  
18 incentive plan that Cumulus had.

19 A. Um-hum.

20 Q. Payments under that plan were  
21 triggered based upon whether year-end EBITDA  
22 targets were met; correct?

23 A. Correct.

24 Q. There were no quarterly payments.

25 A. That's right.

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2 Q. Right. And so, they both have  
3 eligibility for quarterly payment if EBITDA  
4 targets are hit.

5 A. That's right.

6 Q. And the EBITDA targets that would  
7 trigger entitlement to a payout are the same  
8 under the QIP as they are under the SIP?

9 A. Correct. With the exception --  
10 yes.

11 Q. Okay. And we talked earlier about  
12 the QIP having a true-up mechanism. Do you  
13 recall that?

14 A. That's right.

15 Q. Does the SIP also have a true-up  
16 mechanism?

17 A. Yes.

18 Q. And was it your recommendation to  
19 the company, sir, that the SIP and the QIP  
20 ought to have the same targets, EBITDA  
21 targets?

22 A. It was my counsel that that was a  
23 reasonable way to constitute both plans. To  
24 have both plans subject to the same  
25 performance goals, I found to be a

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2 reasonable --

3 Q. And can you explain why you  
4 concluded that it was reasonable to have the  
5 same targets in both programs?

6 A. It's been my experience, sir, when  
7 companies have included economics of a  
8 long-term plan in conjunction with that of an  
9 annual plan, that they're centered around a  
10 singular set of goals, as opposed to  
11 conflicting goals, and given that experience  
12 basis, I got comfortable with the fact that  
13 we were going down a similar path with  
14 respect to the proposed plans here.

15 Q. Is it also for that reason that  
16 both the SIP and the QIP have the same  
17 true-up mechanism?

18 A. Correct.

19 Q. Okay. Now, the SIP also has a  
20 clawback feature; correct?

21 A. That's right.

22 Q. Can you explain the clawback  
23 feature and how it works?

24 A. The clawback feature is unique to  
25 the SIP, as you said, and to the extent a

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2 participant has a qualified separation, which  
3 in this case is defined as voluntary  
4 resignation, they would have to pay the  
5 company back, return, refund amounts that had  
6 been earned on the basis of performance, pay  
7 that back to the company throughout the  
8 pendency of the year.

9 So maybe said more simply, it's a  
10 payback of earned compensation under the SIP.

11 Q. And the inclusion in the SIP of a  
12 clawback feature, is that something that you  
13 specifically recommended to the company?

14 A. Sir, I don't recall who recommended  
15 it, but I know that we were certainly  
16 comfortable with its inclusion as a design  
17 provision.

18 Q. What is the purpose, from the  
19 perspective of incentivizing employees, of  
20 including a clawback?

21 MR. KUBOTA: Objection to form.

22 Q. If any?

23 A. I think in my view, if you go back  
24 to the premise of the SIP as an output or an  
25 outcome of the LTI program, the thinking was



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2 had the same performance targets. Do you  
3 remember that testimony?

4 A. Yes.

5 Q. And you were also asked about the  
6 self-funding aspect of the SIP. Do you  
7 recall that testimony?

8 A. Yes.

9 Q. Could you explain your  
10 understanding of how the self-funding aspect  
11 of the SIP relates to the EBITDA target that  
12 is shared between the QIP and the SIP?

13 A. Yes. So, to clarify, while the  
14 goals are the same for both programs, the  
15 administration of the SIP, i.e., the  
16 evaluation of performance under the SIP  
17 program, must consider the costs of both the  
18 SIP and the QIP such that it is self-funding.

19 Q. And when you said that the  
20 evaluation of performance under the SIP must  
21 consider the costs of the SIP and QIP such  
22 that it is self-funding, what effect would  
23 that have on an individual who is  
24 participating in both programs?

25 A. The -- under the SIP, to the extent

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2 the participant was in both, they would have  
3 a higher -- effectively a higher goal on that  
4 basis. While the targets are the same, they  
5 are held to a different standard in terms of  
6 how performance is measured, because the plan  
7 must earn the cost of both programs.

8 Q. So, if the EBITDA target for the  
9 QIP was satisfied, a participants in the QIP  
10 would receive a payment; correct?

11 A. Yes.

12 Q. And if the target was satisfied but  
13 not exceeded, would an individual  
14 participating in both the QIP and the SIP  
15 receive any payments under the SIP?

16 A. No.

17 Q. And that's for the reason you just  
18 described regarding the self-funding?

19 A. Correct.

20 MR. KUBOTA: No further questions  
21 at this time.

22 EXAMINATION

23 BY MR. QURESHI:

24 Q. I just have one follow-up,  
25 Mr. Georgeson.

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2 With respect to the question you  
3 were just asked about the document that is in  
4 place at Cumulus that governs the authority  
5 to make equity grants.

6 A. Um-hum.

7 Q. Is it your understanding as to  
8 whether the specific grants that under the  
9 prior program were made available to each of  
10 the top six executives, whether those grants  
11 would be made in the employment agreements or  
12 in this shareholder-approved document?

13 A. My understanding would be that the  
14 shareholder-approved document is the  
15 governance mechanism, and the company under  
16 that authority issued equity grants pursuant  
17 to that plan in connection with execution of  
18 employment agreements.

19 Q. Okay. And so, the nature of the  
20 specific equity grants and the quantum of  
21 those grants would be something that you  
22 would expect to see in the individual  
23 employment agreements and not in the  
24 governance document.

25 A. That's correct. The governance is

# Exhibit H

J. ABBOT  
UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x

In re: : Chapter 11  
:  
CUMULUS MEDIA INC., et al., : Case No. 17-13381  
:  
:  
Debtors. :  
-----x

VIDEOTAPED DEPOSITION OF JOHN ABBOT  
New York, New York  
March 5, 2018

Reported by:  
KATHY S. KLEPFER, RMR, RPR, CRR, CLR  
JOB NO. 138622

1 J. ABBOT

2 Q. Okay. But, ultimately, it's the  
3 company that owns the 1 percent assumption?

4 A. Correct.

5 Q. Okay. And do you still own it today?

6 A. It was the company -- maybe I should  
7 rephrase the answer to the last question.

8 The company is the one who determined  
9 to use that as the base-level assumption. And  
10 again, as I said earlier and as I presented to  
11 the creditors, that was just an assumption that  
12 we used because we needed to use something to be  
13 able to do the math to create a set of  
14 projections, and that anybody might have a  
15 different point of view on those projections and  
16 then certainly would respect that they would,  
17 and that would lead to a different set of  
18 overall company projections.

19 Q. Do you believe as the CFO for the  
20 Cumulus that the assumptions that are used in  
21 the business plan by Cumulus should be  
22 reasonable assumptions?

23 A. I do.

24 Q. Are you aware of any unreasonable  
25 assumptions that are in the debtors' business

1 J. ABBOT

2 plan?

3 A. At the time that we prepared the  
4 business plan, we felt like all of the  
5 assumptions were reasonable.

6 Q. And today, what if any assumptions do  
7 you think are unreasonable?

8 A. Since the time --

9 MR. HURWITZ: Objection to the form.

10 Q. You can answer the question.

11 A. Sorry. Okay.

12 Since the time that we prepared those  
13 projections and we used that industry decline of  
14 1 percent as a base-level assumption, it's my  
15 understanding that the industry has actually  
16 declined at a steeper rate than that, closer to  
17 3 or 3.3 percent on a comparable basis, and  
18 so -- which is what informed my earlier comment  
19 that, you know, sitting here today it's probably  
20 no longer a 50/50 on achieving the projections,  
21 but probably a lower probability to achieve than  
22 50 percent because of the underlying industry  
23 performance.

24 The actual company performance  
25 relative to the industry and the various

1 J. ABBOT

2 initiatives and -- and undertakings that were  
3 built into the business plan I think we all, and  
4 I do personally do, feel remain comfortable  
5 with.

6 Q. Okay. When did you become aware that  
7 the industry decline is trending closer to 3  
8 percent?

9 A. I mean, a trend occurs over time, so I  
10 think that's a pretty subjective concept, right?  
11 Some people might want to wait for a five-year  
12 trend. Some people might think two months is a  
13 trend.

14 So I think we, in looking back sitting  
15 here today at the balance of 2017 and where that  
16 year ended up, that's the basis for my comment  
17 about the industry trending to over negative 3  
18 percent decline.

19 Q. So when did your point of view change  
20 as it relates to the industry decline?

21 MR. HURWITZ: Objection to the form.

22 THE WITNESS: Still answer the  
23 question?

24 MR. HURWITZ: If -- yes, if you  
25 understand the question, you can answer it.



# **Exhibit I**

## **Filed under Seal**

# Exhibit J

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re: :  
: Chapter 11  
ENERGY FUTURE HOLDINGS :  
CORP., et al., : Case No. 14-10979 (CSS)  
:   
Debtors. : (Jointly Administered)

United States Bankruptcy Court  
824 North Market Street  
Wilmington, Delaware

October 15, 2014  
10:15 AM - 5:19 PM

B E F O R E :  
HON CHRISTOPHER S. SONTCHI  
U.S. BANKRUPTCY JUDGE

ECR OPERATOR: LESLIE MURIN

1 during the term.

2 So, what they do, is they say, okay. We want to  
3 still give this compensation to these 19 executives. We  
4 know if we have to call it what it is, we're going to have  
5 to meet the standards of 503(c)(1). I don't believe -- and  
6 we have no information, Your Honor, so I won't say one way  
7 or the other, but I think one reason that they haven't  
8 addressed that in this motion is there is the possibility  
9 that they cannot satisfy those rigorous standards.

10 In fact, during Mr. Evans' testimony, he  
11 testified, there's only one person that left the company and  
12 that was two years ago. Now, in oral argument on the  
13 ceiling motion, Mr. Dempsey stated that there were other  
14 people who left the company but as Ms. Sarkesian  
15 appropriately noted, Mr. Dempsey is not a witness and that  
16 statements by counsel are not evidence.

17 With respect to paragraph six, it talks about the  
18 term of the participation and it says, subject to the  
19 provisions of this plan, commencing with the calendar  
20 quarter March 31, each plan participant shall earn a  
21 quarterly performance bonus at the end. And that -- and  
22 this is the way get it, if, one, such participant remains  
23 employed by the company group through the last date of the  
24 applicable period and, two, the extent the performance goals  
25 established for such performance period have been achieved,

1 provided that if the terms ends after the commencement and  
2 before the end of the calendar quarter, each participant who  
3 is then employed by the company shall earn a prorated amount  
4 of the quarterly performance bonus for the quarter in which  
5 the term ends.

6 It also says, as is different than what was  
7 testified to by Mr. Burke, Mr. Burke testified that, well,  
8 the participant has to be there, you know, for 30 days after  
9 the quarter. So that would be four months. So if -- they  
10 shortened the period of having to be there; however, the  
11 plan allows for catch up. So if the performance metric is  
12 not met, then they can still get it if the overall annual  
13 performance metric is met.

14 But here's what the document says. It says, any  
15 quarterly performance bonus required to be made under this  
16 plan shall be paid by the company within 60 days after the  
17 date of the participant earned -- after the date the  
18 participant earned the right to such payment. So that's  
19 five months, Your Honor. Now, we're starting to get into  
20 half a year, close to half a year, five months.

21 And it also says a participant who's employment  
22 with the company group terminates, and this is important,  
23 for any reason, shall forfeit the right to any quarterly  
24 performance bonus that has not been paid as of the date of  
25 such termination.

1 I will go through with Your Honor in the other  
2 plans and not try to not be interesting in doing that but  
3 pointing out, you know, important provisions. But, in other  
4 plans, there are certain circumstances under which you could  
5 get a pro-rated portion of your award, not here.

6 The other thing that's interesting about this  
7 document is paragraph seven which says that before the  
8 commencement of each performance period, the committee shall  
9 establish one or more performance goals that must be  
10 achieved to earn a quarterly performance bonus for that  
11 performance period. The committee may, but shall not be  
12 required to, establish minimum targets and maximum targets  
13 with respect to selected performance goals that provide for  
14 the payment of a fraction or multiple of a participant's  
15 quarterly performance bonus.

16 So, in this plan, they don't have to meet every  
17 single one of the 21 metrics in the -- for the EAIP. This  
18 plan requires only one. And they can also change it. So --  
19 they can change it before the next term. So what I suggest,  
20 Your Honor, is that this key leader performance plan, which  
21 certainly is an outgrowth of the former EFH Corp. Retention  
22 Plan and it's just a way to try to get the same compensation  
23 to these professionals, simply inserts performance, maybe  
24 one or more, the debtors have the burden of proof to show  
25 what they do for each, and they have not. But it certainly

1 weight to Mr. Panacio's testimony.

2 At the end of the day, the debtors have presented  
3 a thorough, persuasive and virtually unblemished record in  
4 support of their motion.

5 Now to the law, the Court's analysis starts with  
6 Section 503(c)(1) of the Bankruptcy Code. Section 503(c)(1)  
7 limits retention payments that can be made to insiders of a  
8 debtor, specifically it provides subject to certain  
9 exceptions not applicable in this case that "There shall  
10 neither be allowed nor paid a transfer made to or an  
11 obligation incurred for the benefit of an insider of the  
12 debtor for the purpose of inducing such person to remain  
13 with the debtors' business."

14 There is no dispute that if section 503(c)(1) is  
15 applicable, the debtors' motion must be denied.

16 This Court has previously held in Nellson  
17 Nutraceutical that Section 503(c)(1) only applies if  
18 payments are made for the primary purpose of inducing a  
19 person to remain with the debtors' business. Put another  
20 way, section 503(c)(1) is not applicable if the primary  
21 purpose of the payments -- or in this case, the EAIP, key  
22 leader performance plan and LTIP -- are primarily for  
23 motivating or incentivizing the employees covered under the  
24 plans.

25 As discussed earlier, the Court finds that the

1 evidence overwhelmingly supports a finding that each of the  
2 plans is primarily an incentive plan and any retentive  
3 effects, while present, are incidental.

4 Let me pause here for a moment to address an  
5 argument raised by the trustee. The trustee argues that the  
6 fact that employees are not paid their bonuses immediately  
7 upon the closing of the applicable period renders the  
8 payments retentive.

9 In this case, the delay may be between one to  
10 three months. There can be no question there is a retentive  
11 effect if one earns a bonus on December 31st and is not paid  
12 that bonus until March and if that employee would not be  
13 entitled to payment unless he or she were still an employee  
14 on the payment date. Indeed, any employee who would leave  
15 in the interim period would need to consider the lost bonus  
16 payment in the calculus of making that decision, but that in  
17 and of itself, does not render a payment or compensation  
18 plan primarily retentive.

19 A delay between earning a payment and receiving a  
20 payment is not unusual. Moreover, there is no right to  
21 payment, delayed or otherwise, unless the incentive targets  
22 are reached.

23 The primary point of the plans at issue is to  
24 motivate employees to meet the targets in 2014. The  
25 retentive affect that arises in the gap period between



1       earning a payment a receiving it is incidental.

2               Also the trustee argues that the use of the words  
3       retention or retain in certain of the debtors' documents  
4       renders the plans retentive. The Court disagrees.

5               First, much of the language quoted is in  
6       connection with the owner operator plan that is not before  
7       the Court.

8               Second, the language, excuse me, the retention  
9       language is being read in isolation and out of context. The  
10      language and references are surrounded by language  
11      referencing the purpose of incentivizing or motivating  
12      employees.

13              Third, even when viewed with skepticism, what  
14      matters is the substance, not the title. As I just stated,  
15      the the substance supports a finding the plans are primarily  
16      incentive plans.

17              Third (sic), the trustee argues that the owner  
18      operated plan was a retention plan and that the changes from  
19      it to the key leader performance plan are insufficient to  
20      make the key leader performance plan an incentive plan.

21              Although it is not before me, it appears to the  
22      Court that the owner/operator plan was primarily a retention  
23      plan, but the Court disagrees that the changes that resulted  
24      in the key leader performance plan were insufficient to  
25      remove the retentive elements.

1           The key leader performance plan is 100 percent  
2       based on hitting incentive targets. The retentive elements  
3       are incidental.

4           Having determined that none of the three  
5       compensation plans are primarily retentive, the Court moves  
6       on to determining whether the debtors' adoption of the plans  
7       is inside the ordinary course of the debtors' business. If  
8       so, section 503(c)(3), which will be discussed in detail  
9       later, is not applicable and the Court will not entertain an  
10      objection to the transaction provided that the conduct  
11      involves a business judgment made in good faith upon a  
12      reasonable basis and within the scope of authority under the  
13      code.

14          Put another way, the Court will not disturb a  
15      transaction within the ordinary course of business if the  
16      debtor can articulate reasons for its conduct as distinct  
17      from a decision made arbitrarily or (indiscernible -  
18      5:00:07).

19          The standard governing a determination whether or  
20      not a transaction falls in the ordinary course of business  
21      is well established. In the case of in re: Roth American  
22      Inc., 975 F.2d. 949, the Third Circuit adopted a two-step  
23      inquiry.

24          This inquiry consists of looking at the  
25      transaction from horizontal and vertical dimensions. The

# **Exhibit K**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: ) Case No. 08-13141(KJC)  
 ) (JOINTLY ADMINISTERED)  
TRIBUNE COMPANY, et al., ) Chapter 11  
 )  
 ) Courtroom 5  
 ) 824 Market Street  
Debtors. ) Wilmington, Delaware 19801  
 )  
 ) May 12, 2009  
 ) 10:03 A.M.

TRANSCRIPT OF OMNIBUS HEARING  
BEFORE HONORABLE KEVIN J. CAREY  
UNITED STATES CHIEF BANKRUPTCY JUDGE

APPEARANCES:

For the Debtors: Cole Schotz Meisel, Forman  
& Leonard, P.A.  
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Sidley Austin LLP  
By: JONATHAN LOTSOFF, ESQ.  
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produced by transcription service.

1 critical thing here is that the -- you know, the payments, even  
2 for -- as proposed for 2008, weren't enough to incent people to  
3 remain with Tribune and perform at a high level, that that's --  
4 that's one issue.

5           The other issue is, Your Honor, from the standpoint  
6 of the Mercer report itself, it never -- the company apparently  
7 did not ask Mercer, and you will not find that in the report,  
8 that Mercer actually did some type of causal link between --  
9 analysis between giving the employees this extra piece on top  
10 of base salary and obtaining certain results.

11           And, Your Honor, I would note that notwithstanding  
12 the fact that the company did establish certain criteria and  
13 offered this incentive compensation and target to create  
14 results for 2008, putting that aside, the company didn't reach  
15 targets. They didn't accomplish their goals.

16           And while the debtors certainly cite that there may  
17 be a number of factors associated with that, certainly one  
18 might inquire based upon this record whether or not the absence  
19 of sufficient incentives, in terms of employee compensation,  
20 contributed to the fact that performance targets were not met,  
21 leading to the need for the debtors to ask this Court to have a  
22 discretionary award approved.

23           So, from our perspective, Your Honor, this is a  
24 burden of proof case. And it's -- the burden is on the  
25 debtors. And from our perspective, Your Honor, it really is a

1 lights on/lights out issue.

2           And I don't think that the debtors have met their  
3 burden insofar as demonstrating that these payments are  
4 essential, critical, necessary to keeping the Tribune operating  
5 in good performance.

6           Thank you.

7           THE COURT: Thank you. I'm prepared to make my  
8 ruling. I'm going to grant the relief that's been requested,  
9 and I will explain why.

10           I do agree with the debtor, it doesn't matter what  
11 standard I apply, whether it's a business judgment standard,  
12 it's a 503(c)(3) standard, which is business judgment plus. In  
13 my view, I don't believe this is subject to the doctrine of  
14 necessity.

15           While it is a payment based upon prepetition  
16 performance, I don't view it as a payment of a prepetition  
17 debt. It is a payment that the company has proposed to make  
18 now, yes, with respect to past performance, but to which it  
19 believes the covered employees are presently entitled.

20           The record here amply supports the award of this  
21 relief, the grant of this relief. The plan is consistent with  
22 the company's historical practices. It's not unreasonable in  
23 any respect. Indeed, the record clearly indicates that it's  
24 below market. You look at the industry, and considering the  
25 debtors' place in the industry in which it's trying to survive

1 and transform itself in what are truly extraordinary times, and  
2 you compare that to what's proposed to be paid in relation to  
3 its revenue. The major creditor constituencies are supportive,  
4 others have not objected.

5           And when I say this, I'm careful to inform the U.S.  
6 Trustee, and while nobody else said it, the fact that the only  
7 objecting party has no economic skin in the game is not  
8 relevant to me. I appreciate the U.S. Trustee's role in this  
9 and other matters. But it doesn't mean it's not important that  
10 the major creditor constituencies are supportive, and here they  
11 are.

12           Mr. McMahon, I will tell you, and you appear enough  
13 in front of me that you know I seldom editorialize from the  
14 bench. I find that as a judge it's generally an unwise thing  
15 to do, but I'm going to do so now, and I'll explain why.

16           When Congress passed BAPCPA and included the new  
17 provisions of 503, it was in response to what were perceived  
18 abuses by debtors in possession in paying bonuses to managers,  
19 particularly top managers.

20           Despite what others may say or think, courts,  
21 including this one, have made every effort to be true to the  
22 congressional intent in applying the new provision. And as I  
23 said before, I appreciate specifically the U.S. Trustee's role  
24 and involvement in requests for relief for bonus and incentive  
25 plans. Because often when all of the other constituents come

# **Exhibit L**

## **Filed under Seal**