

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§
	§ Chapter 11
	§
IHEARTMEDIA, INC., <i>et al.</i> , ¹	§ Case No. 18-31274 (MI)
	§
Debtors.	§ (Jointly Administered)
	§
	§ Re: Docket No. 2207
	§

**NOTICE OF FILING OF AMENDED
EXHIBIT A TO THE MODIFIED FIFTH AMENDED JOINT
**CHAPTER 11 PLAN OF REORGANIZATION OF IHEARTMEDIA, INC. AND ITS
DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE****

PLEASE TAKE NOTICE THAT on December 17, 2018, the Debtors filed the *Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of iHeartMedia, Inc. and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. 2207] (the “Plan”).

PLEASE TAKE FURTHER NOTICE THAT attached as Exhibit A to the Plan was the Equity Allocation Mechanism.²

PLEASE TAKE FURTHER NOTICE THAT the Debtors hereby file an amended Equity Allocation Mechanism (the “Amended Equity Allocation Mechanism”), attached hereto as Exhibit A.

PLEASE TAKE FURTHER NOTICE THAT that attached hereto as Exhibit B is a redline of the Amended Equity Allocation Mechanism reflecting changes to the Equity Allocation Mechanism.

¹ Due to the large number of Debtors in these chapter 11 cases, for which joint administration has been granted, a complete list of the Debtors and the last four digits of their tax identification, registration, or like numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims, noticing, and solicitation agent at <https://cases.primeclerk.com/iheartmedia>. The location of Debtor iHeartMedia, Inc.’s principal place of business and the Debtors’ service address is: 20880 Stone Oak Parkway, San Antonio, Texas 78258.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan.

PLEASE TAKE FURTHER NOTICE THAT copies of all documents filed in these Chapter 11 Cases are available free of charge by visiting <https://cases.primeclerk.com/iheartmedia> or by calling U.S. toll free: (877) 756-7779; International: (347) 505-7142. You may also obtain copies of any pleadings by visiting the Court's website at <https://ecf.txsb.uscourts.gov> in accordance with the procedures and fees set forth therein.

Houston, Texas
January 16, 2019

/s/ Patricia B. Tomasco

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and Debtors in Possession*

Certificate of Service

I certify that on January 16, 2019, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Patricia B. Tomasco

Patricia B. Tomasco

Exhibit A

Amended Equity Allocation Mechanism

EQUITY ALLOCATION MECHANISM

On the Issuance Date, the allocation of Plan¹ consideration to Holders of Allowed Term Loan Credit Agreement Claims, Allowed PGN Claims, Allowed iHC 2021 / Legacy Notes Claims, and Allowed iHeart Interests will include distributing New iHeart Class A Common Stock and New iHeart Class B Common Stock (collectively, the “*Stock*”), as well as Special Warrants, in accordance with the mechanism set forth below. This mechanism also provides certain information regarding how the exercise of Special Warrants and the exchange of Stock will be treated after the Issuance Date.²

A. GENERAL:

1. ***Ownership Certification.*** Each eligible Holder shall provide an Ownership Certification by the Ownership Certification Deadline.
2. ***Attributable Interests and FCC Media Ownership Rules.*** Subject to the foreign ownership limitations discussed below and certain exceptions, FCC rules provide that an owner of equity in a corporation that controls FCC broadcast licenses may be deemed “attributable” if it owns, directly or indirectly, 5.00 percent or more of the voting equity of such corporation. Accordingly, a Holder of an Allowed Term Loan Credit Agreement Claim, Allowed PGN Claim, Allowed iHC 2021 / Legacy Notes Claim, or Allowed iHeart Interest may only receive a distribution of more than 4.99 percent of the issued and outstanding New iHeart Class A Common Stock on the Issuance Date if (a) iHeart or Reorganized iHeart, as applicable, determines that the Holder’s receipt of more than 4.99 percent of such shares of New iHeart Class A Common Stock would comply with the FCC media ownership rules and the FCC Approval, and (b) the Holder is identified as an attributable interest holder in the FCC Long Form Applications (as the same may be amended from time to time), to the extent necessary. If such Holder elects not to be deemed to hold an “attributable” interest in Reorganized iHeart, and is thus not identified in the FCC Long Form Applications, then such Holder shall be issued up to 4.99 percent of the issued and outstanding New iHeart Class A Common Stock, with any remaining distribution in the form of New iHeart Class B Common Stock; *provided* that such Holder shall be issued up to 19.99 percent of the issued and outstanding New iHeart Class A Common Stock, with any remaining distribution in the form of New iHeart Class B Common Stock, if iHeart or Reorganized iHeart, as applicable, determines that such Holder qualifies for an exception in the FCC rules allowing such Holder to own, directly or indirectly, 5.00 percent or more, but less than 20.00 percent, of the issued and outstanding New iHeart Class A Common Stock without being deemed to hold an “attributable” interest in Reorganized iHeart (the previous two sentences, collectively, the “*4.99 Percent Rule*”). Any distribution in contravention of the preceding two sentences shall be deemed automatically adjusted to the minimum extent necessary to comply with those limitations.
3. ***FCC Foreign Ownership Rules.***
 - (a) The Communications Act and FCC foreign ownership rules generally prohibit foreign individuals and foreign entities from having direct or indirect ownership or voting rights totaling more than 25.00 percent in a corporation that controls the licensee of a radio broadcast station. However, the FCC has discretion to authorize such a corporation to have foreign ownership or voting in excess of 25.00 percent by granting a declaratory ruling following the

¹ Capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the Plan.

² For the avoidance of doubt, the procedures set forth in this Equity Allocation Mechanism shall not affect the issuance of securities or other instruments under the Post-Emergence Equity Incentive Program, which issuance shall be governed by the terms of the Post-Emergence Equity Incentive Program.

filing of a petition for declaratory ruling. In addition, if the parent company of a radio broadcast station licensee has or proposes to exceed the 25.00 percent foreign ownership limitation, any entity that would receive in excess of either 4.99 percent or 9.99 percent of the ownership or voting rights in the licensee's parent company must receive specific approval from the FCC (the "*Specific Approval*"). The determination of whether the 4.99 percent or 9.99 percent Specific Approval threshold applies to a Holder is determined pursuant to the FCC foreign ownership rules (with the applicable threshold referred to herein as the "*Applicable Foreign Ownership Limitation*").

- (b) To ensure compliance with these limitations, the distribution of Stock to Holders of Allowed Term Loan Credit Agreement Claims, Allowed PGN Claims, Allowed iHC 2021 / Legacy Notes Claims, or Allowed iHeart Interests shall not (i) cause Reorganized iHeart to exceed an aggregate foreign ownership or aggregate foreign voting percentage of 22.50 percent unless the FCC has granted a Declaratory Ruling (the "*22.5 Percent Rule*"), or (ii) if the FCC has granted a Declaratory Ruling, cause (x) any violation of that Declaratory Ruling, any other applicable declaratory ruling, or any Specific Approval (the "*Declaratory Ruling Compliance Rule*"), or (y) any Non-U.S. Holder to exceed the Applicable Foreign Ownership Limitation, unless the Non-U.S. Holder has received Specific Approval (the "*Specific Approval Rule*"). Any distribution in contravention of the preceding sentence shall be deemed automatically adjusted to the minimum extent necessary to comply with those limitations.
 - (c) In determining foreign ownership for distributions on the Issuance Date, iHeart or Reorganized iHeart, as applicable, will treat any Holder that does not (i) timely deliver an Ownership Certification by the Ownership Certification Deadline or (ii) deliver an Ownership Certification that allows iHeart or Reorganized iHeart, as applicable, to determine such Holder's foreign ownership and otherwise comply with any limitations on Stock ownership set forth in the New Corporate Governance Documents or the Special Warrant Agreement, as a 100 percent foreign-owned Non-U.S. Holder; *provided that* iHeart shall have discretion to treat any Ownership Certification delivered after the Ownership Certification Deadline but prior to the Effective Date as if such Ownership Certification had been delivered prior to the Ownership Certification Deadline if iHeart reasonably believes that doing so will not delay the receipt of FCC Approval or the occurrence of the Effective Date.
4. **Aggregation of Interests.** In determining whether any Holder would exceed or cause iHeart to exceed any applicable threshold under the Communications Act or FCC rules (including but not limited to the 4.99 Percent Rule, the 22.5 Percent Rule, the Declaratory Ruling Compliance Rule, the Applicable Foreign Ownership Limitation, and the Specific Approval Rule), a Holder will be attributed with any Stock held by another Holder under common management or whose interests otherwise would be aggregated under the FCC's ownership attribution rules or foreign ownership rules, as applicable.
5. **FCC Compliance.** For the avoidance of doubt, all distributions made on the Issuance Date and, thereafter, all exercises of Special Warrants and all exchanges of Stock, shall be subject, as applicable, to the 4.99 Percent Rule, the 22.5 Percent Rule, the Declaratory Ruling Compliance Rule, the Specific Approval Rule, the FCC's media and foreign ownership rules, and any limitations on Stock ownership set forth in the New Corporate Governance Documents or the Special Warrant Agreement.

B. ALLOCATION OF THE STOCK AND SPECIAL WARRANTS:

The distribution of Stock and Special Warrants made on and as of the Issuance Date shall be as follows:

1. First, the Secured Term Loan / 2019 PGN Supplemental Equity Distribution, the Remaining Equity Distribution, the iHC 2021 / Legacy Notes Equity Distribution, and the iHeart Interests Equity Distribution shall each be deemed made to Holders of Allowed Term Loan Credit Agreement Claims, Allowed PGN Claims, Allowed iHC 2021 / Legacy Notes Claims, and Allowed iHeart Interests as specified in Article III.C of the Plan; *provided that* each of the Secured Term Loan / 2019 PGN Supplemental Equity Distribution, the Remaining Equity Distribution, the iHC 2021 / Legacy Notes Equity Distribution, and the iHeart Interests Equity Distribution shall be deemed to have been made initially in the form of Special Warrants.
2. Second, subject to Section B.3, Holders of the Special Warrants shall be deemed to have exercised their Special Warrants as follows:

(a) U.S. Holders

- (i) Each deemed Holder of Special Warrants that (i) has timely delivered an Ownership Certification by the Ownership Certification Deadline (or has delivered an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above), (ii) has certified therein that its foreign ownership, as calculated in accordance with FCC rules, is zero percent (and is thus a “U.S. Holder”), and (iii) has not made an election on its Ownership Certification to retain Special Warrants in lieu of receiving Stock (a “Warrant Election”), shall be deemed to have exercised all of its Special Warrants to receive New iHeart Class B Common Stock; and
- (ii) Each U.S. Holder that received New iHeart Class B Common Stock pursuant to Section B.2.(a)(i) above and has not made a Class B Election by the Ownership Certification Deadline (or in an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above) shall be further deemed to have immediately exchanged all of its shares of New iHeart Class B Common Stock for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule and the further requirement that the U.S. Holder is identified as an attributable interest holder on the FCC Long Form Applications, to the extent necessary. (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on the FCC Long Form Applications and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New iHeart Class B Common Stock shall not be converted into New iHeart Class A Common Stock).

(b) Non-U.S. Holders

- (i) Each deemed Holder of Special Warrants that (A) (i) has timely delivered an Ownership Certification by the Ownership Certification Deadline (or has delivered an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above) and (ii) has certified therein that its foreign ownership, calculated in accordance with FCC rules, is greater than zero percent, (B) has not timely delivered, and iHeart or Reorganized iHeart, as applicable,

is not treating as having timely delivered pursuant to Section A.3(c) above, an Ownership Certification by the Ownership Certification Deadline, or (C) has delivered an Ownership Certification that does not allow iHeart to determine such Holder's foreign ownership ((A)–(C) each a “*Non-U.S. Holder*,” and collectively, the “*Non-U.S. Holders*”), and has not made a Warrant Election, shall be deemed to have exercised all or a portion of its Special Warrants for shares of New iHeart Class B Common Stock, which shall be apportioned as follows: each Non-U.S. Holder will have (X) the portion of its Special Warrants corresponding to its domestic equity percentage and/or domestic voting percentage, as determined by iHeart or Reorganized iHeart, as applicable, exchanged into New iHeart Class B Common Stock; and (Y) all or a portion of its remaining Special Warrants exchanged into New iHeart Class B Common Stock in a number of shares of New iHeart Class B Common Stock that complies with the 22.5 Percent Rule, allocated *pro rata* among all such Non-U.S. Holders (determined based upon the aggregate number of Special Warrants held by all such Non-U.S. Holders after giving effect to Section B.2(b)(i)(X));

- (ii) Each Non-U.S. Holder that received New iHeart Class B Common Stock pursuant to Section B.2(b)(i) above and has not made a Class B Election by the Ownership Certification Deadline (or in an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above) shall be further deemed to have immediately exchanged all of its shares of New iHeart Class B Common Stock for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule, the 22.5 Percent Rule, and the further requirement that the Non-U.S. Holder is identified as an attributable interest holder on the FCC Long Form Applications, to the extent necessary, *provided that*, if the 22.5 Percent Rule limits the number of shares of New iHeart Class A Common Stock that may be issued to Non-U.S. Holders in such exchange, the shares of New iHeart Class A Common Stock shall be allocated *pro rata* among all such Non-U.S. Holders (determined based upon the aggregate number of shares of New iHeart Class B Common Stock issued to all such Non-U.S. Holders pursuant to Section B.2(b)(i)(Y)). (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on the FCC Long Form Applications and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New Class B Common Stock shall not be converted into New iHeart Class A Common Stock); and
- (iii) iHeart shall file a Petition for Declaratory Ruling before or after the Effective Date, although there can be no assurance that the FCC will grant such a petition. If the FCC issues a Declaratory Ruling prior to the Issuance Date, then, notwithstanding anything to the contrary herein, the distribution of Stock and Special Warrants made on and as of the Issuance Date shall be made in a manner consistent with the Declaratory Ruling including, to the extent permitted therein, the distribution of New iHeart Class A Common Stock or New iHeart Class B Common Stock to Non-U.S. Holders in amounts exceeding 22.50 percent of the ownership or voting rights in Reorganized iHeart and consistent with any Specific Approval granted therein.

3. ***Non-Exercise of Special Warrants.*** Notwithstanding anything to the contrary herein, the exercise of Special Warrants on the Issuance Date shall be subject to any Warrant Election or New iHeart Class A Common Stock and Special Warrants Election (as defined in the Ownership Certification) made by a Holder of an Allowed Term Loan Credit Agreement Claim, Allowed PGN Claim, Allowed iHC 2021 / Legacy Notes Claim, or Allowed iHeart Interest. Such Holders may, by making the appropriate

election on the Ownership Certification, elect to receive their share of the Secured Term Loan / 2019 PGN Supplemental Equity Distribution, the Remaining Equity Distribution, the iHC 2021 / Legacy Notes Equity Distribution, and the iHeart Interests Equity Distribution, as the case may be, either (i) in the case of a Warrant Election, entirely in the form of Special Warrants (in which case a Holder shall not be deemed to have exercised any Special Warrants), or (ii) in the case of a New iHeart Class A Common Stock and Special Warrants Election, in the form of New iHeart Class A Common Stock up to an amount that complies with the 4.99 Percent Rule (in which case a Holder shall not be deemed to have exercised its remaining Special Warrants).

4. ***Trading Deadlines and Tendering of Notes and iHeart Interests.*** Holders of Notes Claims and iHeart Interests deposited with DTC prior to the Effective Date shall be required to tender their Notes and iHeart Interests into the Automated Tender Offer Program (“*ATOP*”) system of DTC as set forth in the FCC Ownership Procedures Order. The positions of such Holders in the Notes and iHeart Interests will be segregated through *ATOP* and such Holders thereafter will be unable to trade their Notes Claims and iHeart Interests as well as their beneficial interests in the FCC Trust (if the FCC Trust is utilized as described in the Plan). Holders of Term Loan Credit Agreement Claims and iHeart Interests, which are not deposited in DTC, will also be unable to trade their Term Loan Credit Agreement Claims and iHeart Interests after the Distribution Record Date, and will also be unable to trade their beneficial interests in the FCC Trust (if the FCC Trust is utilized as described in the Plan) after such date, other than pursuant to the FCC Trust Agreement.

5. ***Holders that do not Submit an Ownership Certification by the Ownership Certification Deadline.***
 - (a) Each deemed Holder of Special Warrants that (i) does not timely deliver an Ownership Certification by the Ownership Certification Deadline, or (ii) delivers an Ownership Certification that does not allow iHeart to determine such Holder’s foreign ownership shall be treated as a 100 percent foreign-owned Non-U.S. Holder and shall have its equity allocation distributed in the manner set forth in Section B.2(b) above; *provided that* iHeart or Reorganized iHeart, as applicable shall have discretion to treat as timely any Ownership Certification delivered after the Ownership Certification Deadline but prior to the Effective Date if iHeart reasonably believes that doing so will not delay the receipt of FCC Approval or the occurrence of the Effective Date;

 - (b) Except as otherwise provided in the New Corporate Governance Documents or the Special Warrant Agreement, if any such Holder that is a U.S. Holder completes and delivers an ownership certification that is satisfactory to Reorganized iHeart in connection with an exercise of Special Warrants at any time after the Issuance Date, then such Holder shall have its Stock issued upon such exercise allocated in the manner set forth in Section B.2(a) above except that such Holder does not need to have been identified as an attributable interest holder on the FCC Long Form Applications, *provided that* such issuance would not trigger a requirement to file additional FCC applications; and

 - (c) Any such Holder that is a Non-U.S. Holder shall not be permitted to exercise Special Warrants prior to the Exchange Date (as defined in the Special Warrant Agreement).

C. POST-DECLARATORY RULING DECISION:

Subject to the terms of the Special Warrant Agreement, if the FCC grants a Declaratory Ruling, any exercise or deemed exercise of the Special Warrants by a Non-U.S. Holder thereafter shall be made as follows:

1. **100 Percent Foreign Ownership.** If the FCC adopts a Declaratory Ruling allowing 100.00 percent foreign ownership of Reorganized iHeart (the “*100 Percent Declaratory Ruling*”), then, subject to Section C.3:
 - (a) Non-U.S. Holders that complete and deliver an ownership certification that is satisfactory to Reorganized iHeart and have not made a Warrant Election shall be deemed to have exercised all of their Special Warrants for a like number of shares of New iHeart Class B Common Stock, subject to the Declaratory Ruling Compliance Rule and the Specific Approval Rule; and
 - (b) Any such Non-U.S. Holder that has not made a Class B Election shall be further deemed to have immediately exchanged such shares of New iHeart Class B Common Stock for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule, the Declaratory Ruling Compliance Rule, and the Specific Approval Rule. (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on any FCC applications required in connection with the implementation of a Declaratory Ruling and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New iHeart Class B Common Stock shall not be converted into New iHeart Class A Common Stock).
2. **Foreign Ownership Between 25 Percent and 100 Percent.** If the FCC adopts a Declaratory Ruling allowing foreign ownership of Reorganized iHeart between 25 percent and 100 percent (the “*Partial Declaratory Ruling Percentage*” and the “*Partial Declaratory Ruling*”), then, subject to Section C.3:
 - (a) Each Non-U.S. Holder of Special Warrants that completes and delivers an ownership certification that is satisfactory to Reorganized iHeart and has not made a Warrant Election will have all or a portion of its Special Warrants exchanged into New iHeart Class B Common Stock in the manner set forth in the Special Warrant Agreement, subject to the Declaratory Ruling Compliance Rule and the Specific Approval Rule, and consistent with the principles that:
 - (i) each such Non-U.S. Holder’s Stock ownership, after giving effect to this Section C.2(a)(i), shall be maximized to the extent possible taking into account such Non-U.S. Holder’s foreign equity percentage and the Company’s aggregate foreign equity percentage upon completion of such exchange;
 - (ii) each such Non-U.S. Holder shall be entitled to receive New iHeart Class B Common Stock corresponding to its domestic equity percentage and/or domestic voting percentage, as determined by iHeart or Reorganized iHeart, as applicable; and
 - (iii) after taking into account the exchange of Special Warrants pursuant to the principle set forth in Section C.2(a)(ii), remaining Special Warrants held by each such Non-U.S. Holder shall be exchanged on a *pro rata* basis (based upon the aggregate number of Special Warrants held by all such Non-U.S. Holders after giving effect to the exchange of Warrants pursuant to the principle set forth in Section C.2(a)(ii)) into New iHeart Class B Common Stock).

- (b) Any Non-U.S. Holder that has not made a Class B Election shall be further deemed to have immediately exchanged the shares of New iHeart Class B Common Stock received pursuant to Section C.2(a) for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule, the Declaratory Ruling Compliance Rule, and the Specific Approval Rule; *provided that*, if the Declaratory Ruling Compliance Rule limits the number of shares of New iHeart Class A Common Stock that may be issued to Non-U.S. Holders in such exchange, the shares of New iHeart Class A Common Stock shall be allocated *pro rata* among all such Non-U.S. Holders (determined based upon the aggregate number of shares of New iHeart Class B Common Stock issued to all such Non-U.S. Holders pursuant to Section C.2(a)). (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on any FCC applications required in connection with the implementation of a Declaratory Ruling and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New Class B Common Stock shall not be converted into New iHeart Class A Common Stock).
3. ***Non-Exercise of Special Warrants.*** Notwithstanding anything to the contrary herein, the exercise of Special Warrants shall be subject to any Warrant Election or New iHeart Class A Common Stock and Special Warrants Election made by a Holder of Special Warrants. Such Holders may, by making the appropriate election on an ownership certification, elect to either (i) in the case of a Warrant Election, retain all of their Special Warrants, or (ii) in the case of a New iHeart Class A Common Stock and Special Warrants Election, be deemed to have exercised a sufficient number of Special Warrants to cause such Holder to receive up to an amount that complies with the 4.99 Percent Rule in New iHeart Class A Common Stock, and not be deemed to have exercised its remaining Special Warrants.
4. ***Foreign Ownership Under 25 Percent.*** If the FCC does not adopt a Declaratory Ruling, then Non-U.S. Holders cannot elect to exercise their Special Warrants for Stock and must either hold such Special Warrants or transfer them, except to the extent that iHeart or Reorganized iHeart, as applicable, reasonably determines that such exercise will not cause a violation of the 22.5 Percent Rule, the FCC's media and foreign ownership rules, or any limitations on Stock ownership set forth in the New Corporate Governance Documents or the Special Warrant Agreement.

* * * * *

Exhibit B

Redline of Amended Equity Allocation Mechanism to Equity Allocation Mechanism

EQUITY ALLOCATION MECHANISM

On the Issuance Date, the allocation of Plan¹ consideration to Holders of Allowed Term Loan Credit Agreement Claims, Allowed PGN Claims, Allowed iHC 2021 / Legacy Notes Claims, and Allowed iHeart Interests will include distributing New iHeart Class A Common Stock and New iHeart Class B Common Stock (collectively, the “*Stock*”), as well as Special Warrants, in accordance with the mechanism set forth below. This mechanism also provides certain information regarding how the exercise of Special Warrants and the exchange of Stock will be treated after the Issuance Date.²

A. GENERAL:

1. ***Ownership Certification.*** ~~In order to be eligible to receive a distribution of Stock on the Issuance Date, each~~ Each eligible Holder shall provide an Ownership Certification by the Ownership Certification Deadline.

2. ***Attributable Interests and FCC Media Ownership Rules.*** Subject to the foreign ownership limitations discussed below and certain exceptions, FCC rules provide that an owner of equity in a corporation that controls FCC broadcast licenses may be deemed “attributable” if it owns, directly or indirectly, 5.00 percent or more of the voting equity of such corporation. Accordingly, a Holder of an Allowed Term Loan Credit Agreement Claim, Allowed PGN Claim, Allowed iHC 2021 / Legacy Notes Claim, or Allowed iHeart Interest may only receive a distribution of more than 4.99 percent of the issued and outstanding New iHeart Class A Common Stock on the Issuance Date if (a) iHeart or Reorganized iHeart, as applicable, determines that the Holder’s receipt of more than 4.99 percent of such shares of New iHeart Class A Common Stock would comply with the FCC media ownership rules and the FCC Approval ~~(the “4.99 Percent Rule”)~~,² and; (b) the Holder is identified as an attributable interest holder in the FCC Long Form Applications (as the same may be amended from time to time)², to the extent necessary. If such Holder elects not to be deemed to hold an “attributable” interest in Reorganized iHeart, and is thus not identified in the FCC Long Form Applications, then such Holder shall be issued up to 4.99 percent of the issued and outstanding New iHeart Class A Common Stock, with any remaining distribution in the form of New iHeart Class B Common Stock~~;~~ provided that such Holder shall be issued up to 19.99 percent of the issued and outstanding New iHeart Class A Common Stock, with any remaining distribution in the form of New iHeart Class B Common Stock, if iHeart or Reorganized iHeart, as applicable, determines that such Holder qualifies for an exception in the FCC rules allowing such Holder to own, directly or indirectly, 5.00 percent or more, but less than 20.00 percent, of the issued and outstanding New iHeart Class A Common Stock without being deemed to hold an “attributable” interest in Reorganized iHeart (the previous two sentences, collectively, the “4.99 Percent Rule”). Any distribution in contravention of the preceding two sentences shall be deemed automatically adjusted to the minimum extent necessary to comply with those limitations.

3. ***FCC Foreign Ownership Rules.***
 - (a) The Communications Act and FCC foreign ownership rules generally prohibit foreign individuals and foreign entities from having direct or indirect ownership or voting rights totaling more than 25.00 percent in a corporation that controls the licensee of a radio broadcast station. However, the FCC has discretion to authorize such a corporation to have foreign

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² For the avoidance of doubt, the procedures set forth in this Equity Allocation Mechanism shall not affect the issuance of securities or other instruments under the Post-Emergence Equity Incentive Program, which issuance shall be governed by the terms of the Post-Emergence Equity Incentive Program.

ownership or voting in excess of 25.00 percent by granting a declaratory ruling following the filing of a petition for declaratory ruling. In addition, if the parent company of a radio broadcast station licensee has or proposes to exceed the 25.00 percent foreign ownership limitation, any entity that would receive in excess of either 4.99 percent or 9.99 percent of the ownership or voting rights in the licensee's parent company must receive specific approval from the FCC (the "*Specific Approval*"). The determination of whether the 4.99 percent or 9.99 percent Specific Approval threshold applies to a Holder is determined pursuant to the FCC foreign ownership rules (with the applicable threshold referred to herein as the "*Applicable Foreign Ownership Limitation*").

- (b) To ensure compliance with these limitations, the distribution of Stock to Holders of Allowed Term Loan Credit Agreement Claims, Allowed PGN Claims, Allowed iHC 2021 / Legacy Notes Claims, or Allowed iHeart Interests shall not (i) cause Reorganized iHeart to exceed an aggregate ~~alien~~foreign ownership or aggregate foreign voting percentage of 22.50 percent unless the FCC has granted a Declaratory Ruling (the "*22.5 Percent Rule*"), or (ii) if the FCC has granted a Declaratory Ruling, cause (x) any violation of that Declaratory Ruling, any other applicable declaratory ruling, or any Specific Approval (the "*Declaratory Ruling Compliance Rule*"), or (y) any Non-U.S. Holder to exceed the Applicable ~~Specific Approval Threshold~~Foreign Ownership Limitation, unless the Non-U.S. Holder has received Specific Approval (the "*Specific Approval Rule*"). Any distribution in contravention of the preceding sentence shall be deemed automatically adjusted to the minimum extent necessary to comply with those limitations.
- (c) In determining foreign ownership for distributions on the Issuance Date, iHeart or Reorganized iHeart, as applicable, will treat any Holder that does not (i) timely deliver an Ownership Certification (~~in by the case of distributions on the Issuance Date~~)Ownership Certification Deadline or (ii) deliver an ~~ownership certification~~Ownership Certification that allows iHeart or Reorganized iHeart, as applicable, to determine such Holder's foreign ownership and otherwise comply with any limitations on Stock ownership set forth in the ~~Certificate of Incorporation of Reorganized iHeart (in the case of distributions following the Issuance Date), as a 100 percent foreign owned Non-U.S. Holder.~~New Corporate Governance Documents or the Special Warrant Agreement, as a 100 percent foreign-owned Non-U.S. Holder; provided that iHeart shall have discretion to treat any Ownership Certification delivered after the Ownership Certification Deadline but prior to the Effective Date as if such Ownership Certification had been delivered prior to the Ownership Certification Deadline if iHeart reasonably believes that doing so will not delay the receipt of FCC Approval or the occurrence of the Effective Date.
4. **Aggregation of Interests.** In determining whether any Holder would exceed or cause iHeart to exceed any applicable threshold under the Communications Act or FCC rules (including but not limited to the 4.99 Percent Rule, the 22.5 Percent Rule, the Declaratory Ruling Compliance Rule, the Applicable Foreign Ownership Limitation, and the Specific Approval Rule), ~~such a~~ Holder will be attributed with any Stock held by another Holder under common management or whose interests otherwise would be aggregated under the FCC's ownership attribution rules or foreign ownership rules, as applicable.
5. **FCC Compliance.** For the avoidance of doubt, all distributions made on the Issuance Date and, thereafter, all exercises of Special Warrants and all exchanges of Stock, shall be subject, as applicable, to the 4.99 Percent Rule, the 22.5 Percent Rule, the Declaratory Ruling Compliance Rule, the Specific Approval Rule, the FCC's media and foreign ownership rules, and any limitations on Stock ownership set forth in the ~~Certificate of Incorporation of Reorganized iHeart~~New Corporate Governance Documents or the Special Warrant Agreement.

B. ALLOCATION OF THE STOCK AND SPECIAL WARRANTS:

The distribution of Stock and Special Warrants made on and as of the Issuance Date shall be as follows:

1. First, the Secured Term Loan / 2019 PGN Supplemental Equity Distribution, the Remaining Equity Distribution, the iHC 2021 / Legacy Notes Equity Distribution, and the iHeart Interests Equity Distribution shall each be deemed made to Holders of Allowed Term Loan Credit Agreement Claims, Allowed PGN Claims, Allowed iHC 2021 / Legacy Notes Claims, and Allowed iHeart Interests as specified in ~~Article III.C~~Article III.C of the Plan; *provided that* each of the Secured Term Loan / 2019 PGN Supplemental Equity Distribution, the Remaining Equity Distribution, the iHC 2021 / Legacy Notes Equity Distribution, and the iHeart Interests Equity Distribution shall be deemed to have been made initially in the form of Special Warrants.
2. Second, subject to Section B.3, Holders of the Special Warrants shall be deemed to have exercised their Special Warrants as follows:

(a) U.S. Holders

- (i) Each deemed Holder of Special Warrants that (i) has timely delivered an Ownership Certification ~~as set forth in by the FCC Ownership Procedures Order and~~Certification Deadline (or has delivered an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above), (ii) has certified therein that its ~~alien~~foreign ownership, as calculated in accordance with FCC rules, is zero percent (and is thus a “U.S. Holder”), and (iii) has not made an election on its Ownership Certification to retain Special Warrants in lieu of receiving Stock (a “Warrant Election”), shall be deemed to have exercised all of its Special Warrants to receive New iHeart Class B Common Stock; and
- (ii) Each U.S. Holder that received New iHeart Class B Common Stock pursuant to Section B.2.(a)(i) above and has not made a Class B Election by the Ownership Certification Deadline (or in an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above) shall be further deemed to have immediately exchanged all of its shares of New iHeart Class B Common Stock for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule and the further requirement that the U.S. Holder is identified as an attributable interest holder on the FCC Long Form Applications, to the extent necessary. (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on the FCC Long Form Applications and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New iHeart Class B Common Stock shall not be converted into New iHeart Class A Common Stock).

(b) Non-U.S. Holders

- (i) Each deemed Holder of Special Warrants that ~~(A)~~ (i) has timely delivered an Ownership Certification ~~as set forth in the FCC Ownership Procedures Order by the Ownership Certification Deadline (or has delivered an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above)~~ and (ii) has certified therein that its ~~alien~~foreign ownership, calculated in accordance with FCC rules, is greater than zero percent ~~(B) has~~

not timely delivered, and iHeart or Reorganized iHeart, as applicable, is not treating as having timely delivered pursuant to Section A.3(c) above, an Ownership Certification by the Ownership Certification Deadline, or (C) has delivered an Ownership Certification that does not allow iHeart to determine such Holder's foreign ownership ((A)-(C) each a "Non-U.S. Holder," and collectively, the "Non-U.S. Holders"), and has not made a Warrant Election, shall be deemed to have exercised all or a portion of its Special Warrants, ~~Pro Rata among all such Non-U.S. Holders,~~ for ~~an amount of~~ shares of New iHeart Class B Common Stock ~~that is consistent,~~ which shall be apportioned as follows: each Non-U.S. Holder will have (X) the portion of its Special Warrants corresponding to its domestic equity percentage and/or domestic voting percentage, as determined by iHeart or Reorganized iHeart, as applicable, exchanged into New iHeart Class B Common Stock; and (Y) all or a portion of its remaining Special Warrants exchanged into New iHeart Class B Common Stock in a number of shares of New iHeart Class B Common Stock that complies with the 22.5 Percent Rule ~~and the Specific Approval Rule,~~ allocated pro rata among all such Non-U.S. Holders (determined based upon the aggregate number of Special Warrants held by all such Non-U.S. Holders after giving effect to Section B.2(b)(i)(X)):

- (ii) Each Non-U.S. Holder that received New iHeart Class B Common Stock pursuant to Section B.2(b)(i) above and has not made a Class B Election by the Ownership Certification Deadline (or in an Ownership Certification that iHeart or Reorganized iHeart, as applicable, has determined in its discretion to treat as timely pursuant to Section A.3(c) above) shall be further deemed to have immediately exchanged all of its shares of New iHeart Class B Common Stock, ~~Pro Rata among all such Non-U.S. Holders,~~ for ~~an amount~~ a like number of shares of New iHeart Class A Common Stock ~~that is consistent with,~~ subject to the 4.99 Percent Rule, the 22.5 Percent ~~Rule, and the Specific Approval Rule,~~ and the further requirement that the Non-U.S. Holder is identified as an attributable interest holder on the FCC Long Form Applications, to the extent necessary; provided that, if the 22.5 Percent Rule limits the number of shares of New iHeart Class A Common Stock that may be issued to Non-U.S. Holders in such exchange, the shares of New iHeart Class A Common Stock shall be allocated pro rata among all such Non-U.S. Holders (determined based upon the aggregate number of shares of New iHeart Class B Common Stock issued to all such Non-U.S. Holders pursuant to Section B.2(b)(i)(Y)). (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on the FCC Long Form Applications and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New Class B Common Stock shall not be converted into New iHeart Class A Common Stock); and

- (iii) iHeart shall file a Petition for Declaratory Ruling before or after the Effective Date, although there can be no assurance that the FCC will grant such a petition. If the FCC issues a Declaratory Ruling prior to the Issuance Date, then, notwithstanding anything to the contrary herein, the distribution of Stock and Special Warrants made on and as of the Issuance Date shall be made in a manner consistent with the Declaratory Ruling including, to the extent permitted therein, the distribution of New iHeart Class A Common Stock or New iHeart Class B Common Stock to Non-U.S. Holders in amounts exceeding 22.50 percent of the ownership or voting rights in Reorganized iHeart and consistent with any Specific Approval granted therein.

3. ***Non-Exercise of Special Warrants.*** Notwithstanding anything to the contrary herein, the exercise of Special Warrants on the Issuance Date shall be subject to any Warrant Election or New iHeart Class A Common Stock and Special Warrants Election (as defined in the Ownership Certification) made by a

Holder of an Allowed Term Loan Credit Agreement Claim, Allowed PGN Claim, Allowed iHC 2021 / Legacy Notes Claim, or Allowed iHeart Interest. Such Holders may, by making the appropriate election on the Ownership Certification, elect to receive ~~its~~their share of the Secured Term Loan / 2019 PGN Supplemental Equity Distribution, the Remaining Equity Distribution, the iHC 2021 / Legacy Notes Equity Distribution, and the iHeart Interests Equity Distribution, as the case may be, either (i) in the case of a Warrant Election, entirely in the form of Special Warrants and (in which case a Holder shall not be deemed to have exercised any Special Warrants-), or (ii) in the case of a New iHeart Class A Common Stock and Special Warrants Election, in the form of New iHeart Class A Common Stock up to an amount that complies with the 4.99 Percent Rule (in which case a Holder shall not be deemed to have exercised its remaining Special Warrants).

4. ***Trading Deadlines and Tendering of Notes and iHeart Interests.*** Holders of Notes Claims and iHeart Interests deposited with DTC prior to the Effective Date shall be required to tender their Notes and iHeart Interests into the Automated Tender Offer Program (“ATOP”) system of DTC as set forth in the FCC Ownership Procedures Order. The positions of such Holders in the Notes and iHeart Interests will be segregated through ATOP and such Holders thereafter will be unable to trade their Notes Claims and iHeart Interests as well as their beneficial interests in the FCC Trust (if the FCC Trust is utilized as described in the Plan). Holders of Term Loan Credit Agreement Claims and iHeart Interests, which are not deposited in DTC, will also be unable to trade their Term Loan Credit Agreement Claims and iHeart Interests after the Distribution Record Date, and will also be unable to trade their beneficial interests in the FCC Trust (if the FCC Trust is utilized as described in the Plan) after such date, other than pursuant to the FCC Trust Agreement.

5. ***Holders that do not Submit an Ownership Certification by the Ownership Certification Deadline.***

(a) Each deemed Holder of Special Warrants that (i) does not timely deliver an Ownership Certification as set forth in by the FCC-Ownership Procedures Order Certification Deadline, or (ii) delivers an Ownership Certification that does not allow iHeart to determine such Holder’s foreign ownership shall not be deemed to have exercised treated as a 100 percent foreign-owned Non-U.S. Holder and shall have its equity allocation distributed in the manner set forth in Section B.2(b) above; provided that iHeart or Reorganized iHeart, as applicable shall have discretion to treat as timely any Ownership Certification delivered after the Ownership Certification Deadline but prior to the Effective Date if iHeart reasonably believes that doing so will not delay the receipt of FCC Approval or the occurrence of the Effective Date;

~~(a) Special Warrants as of the Issuance Date (and thus shall receive a distribution on the Issuance Date entirely in the form of Special Warrants); and~~

(b) Except as otherwise provided in the New Corporate Governance Documents or the Special

~~(b)(c) If Warrant Agreement, if any such Holder that is a U.S. Holder completes and delivers an ownership certification that is satisfactory to Reorganized iHeart in connection with an exercise of Special Warrants at any time after the Issuance Date, then (i) any such Holder that is a U.S. Holder shall have its equity allocation distributed Stock issued upon such exercise allocated in the manner set forth in Section B.2(a) above and (ii) any such holder that is a Non-U.S. Holder shall have its equity allocation distributed in the manner set forth in Section 2(b) above; provided that such Holders except that such Holder does not need not to have been identified as an attributable interest holders on the FCC Long Form Applications-, provided that such issuance would not trigger a requirement to file additional FCC applications; and~~

(d) Any such Holder that is a Non-U.S. Holder shall not be permitted to exercise Special Warrants prior to the Exchange Date (as defined in the Special Warrant Agreement).

C. POST-DECLARATORY RULING DECISION:

Subject to the terms of the Special Warrant Agreement, if the FCC grants a Declaratory Ruling, any exercise or deemed exercise of the Special Warrants by a Non-U.S. Holder thereafter shall be made as follows:

1. ***100 Percent Foreign Ownership.*** If the FCC adopts a Declaratory Ruling allowing 100.00 percent foreign ownership of Reorganized iHeart (the “*100 Percent Declaratory Ruling*”), then, subject to Section C.3:

(a) ~~Non-U.S. Holders~~ Non-U.S. Holders that complete and deliver an ownership certification that is satisfactory to Reorganized iHeart and have not made a Warrant Election shall be deemed to have exercised all of their Special Warrants for a like number of shares of New iHeart Class B Common Stock, subject to the Declaratory Ruling Compliance Rule and the Specific Approval Rule; and

(b) Any such Non-U.S. Holder that has not made a Class B Election ~~by the Ownership Certification Deadline~~ shall be further deemed to have immediately exchanged such shares of New iHeart Class B Common Stock for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule, the Declaratory Ruling Compliance Rule, and the Specific Approval Rule. (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on any FCC applications required in connection with the implementation of a Declaratory Ruling and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New iHeart Class B Common Stock shall not be converted into New iHeart Class A Common Stock).

2. ***Foreign Ownership Between 25 Percent and 100 Percent.*** If the FCC adopts a Declaratory Ruling allowing foreign ownership of Reorganized iHeart between 25 percent and 100 percent (the “*Partial Declaratory Ruling Percentage*” and the “*Partial Declaratory Ruling*”), then, subject to Section C.3:

(a) Each Non-U.S. Holder of Special Warrants that completes and delivers an ~~Ownership Certification~~ ownership certification that is satisfactory to Reorganized iHeart ~~shall be deemed to have exercised and has not made a Warrant Election will have all or a portion of~~ its Special Warrants, ~~Pro Rata among all such Non-U.S. Holders, to receive~~ exchanged into New iHeart Class B Common Stock; ~~in an amount of shares that causes the aggregate alien ownership of Stock to equal, at most, manner set forth in the Partial Declaratory Ruling Percentage~~ Special Warrant Agreement, subject to the Declaratory Ruling Compliance Rule and the Specific Approval Rule; ~~and, and consistent with the principles that:~~

(i) each such Non-U.S. Holder’s Stock ownership, after giving effect to this Section C.2(a)(i), shall be maximized to the extent possible taking into account such Non-U.S. Holder’s foreign equity percentage and the Company’s aggregate foreign equity percentage upon completion of such exchange;

(ii) each such Non-U.S. Holder shall be entitled to receive New iHeart Class B Common Stock corresponding to its domestic equity percentage and/or domestic voting percentage, as determined by iHeart or Reorganized iHeart, as applicable; and

(iii) after taking into account the exchange of Special Warrants pursuant to the principle set forth in Section C.2(a)(ii), remaining Special Warrants held by each such Non-U.S. Holder shall be exchanged on a *pro rata* basis (based upon the aggregate number of Special Warrants held by all such Non-U.S. Holders after giving effect to the exchange of Warrants pursuant to the principle set forth in Section C.2.(a)(ii)) into New iHeart Class B Common Stock).

(b) Any Non-U.S. Holder that ~~has~~ not made a Class B Election ~~by the Ownership Certification Deadline~~ shall be further deemed to have immediately exchanged ~~such~~the shares of New iHeart Class B Common Stock received pursuant to Section C.2(a) for a like number of shares of New iHeart Class A Common Stock, subject to the 4.99 Percent Rule, the Declaratory Ruling Compliance Rule, and the Specific Approval Rule; provided that, if the Declaratory Ruling Compliance Rule limits the number of shares of New iHeart Class A Common Stock that may be issued to Non-U.S. Holders in such exchange, the shares of New iHeart Class A Common Stock shall be allocated *pro rata* among all such Non-U.S. Holders (determined based upon the aggregate number of shares of New iHeart Class B Common Stock issued to all such Non-U.S. Holders pursuant to Section C.2(a)). (For the sake of clarity, to the extent that a Holder is not identified as an attributable interest holder on any FCC applications required in connection with the implementation of a Declaratory Ruling and the conversion of New iHeart Class B Common Stock to New iHeart Class A Common Stock would exceed the amount permitted under the 4.99 Percent Rule, then such excess New Class B Common Stock shall not be converted into New iHeart Class A Common Stock).

3. *Non-Exercise of Special Warrants.* Notwithstanding anything to the contrary herein, the exercise of Special Warrants shall be subject to any Warrant Election or New iHeart Class A Common Stock and Special Warrants Election made by a Holder of Special Warrants. Such Holders may, by making the appropriate election on an ownership certification, elect to either (i) in the case of a Warrant Election, retain all of their Special Warrants, or (ii) in the case of a New iHeart Class A Common Stock and Special Warrants Election, be deemed to have exercised a sufficient number of Special Warrants to cause such Holder to receive up to an amount that complies with the 4.99 Percent Rule in New iHeart Class A Common Stock, and not be deemed to have exercised its remaining Special Warrants.

3.4. *Foreign Ownership Under 25 Percent.* If the FCC does not adopt a Declaratory Ruling, then Non-U.S. Holders cannot elect to ~~convert~~exercise their Special Warrants ~~into~~for Stock and must either hold such Special Warrants or transfer them, except to the extent that iHeart or Reorganized iHeart, as applicable, reasonably determines that such ~~conversion~~exercise will not cause a violation of the 22.5 Percent Rule, the FCC's media and foreign ownership rules, or any limitations on Stock ownership set forth in the ~~Certificate of Incorporation of Reorganized iHeart~~New Corporate Governance Documents or the Special Warrant Agreement.

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