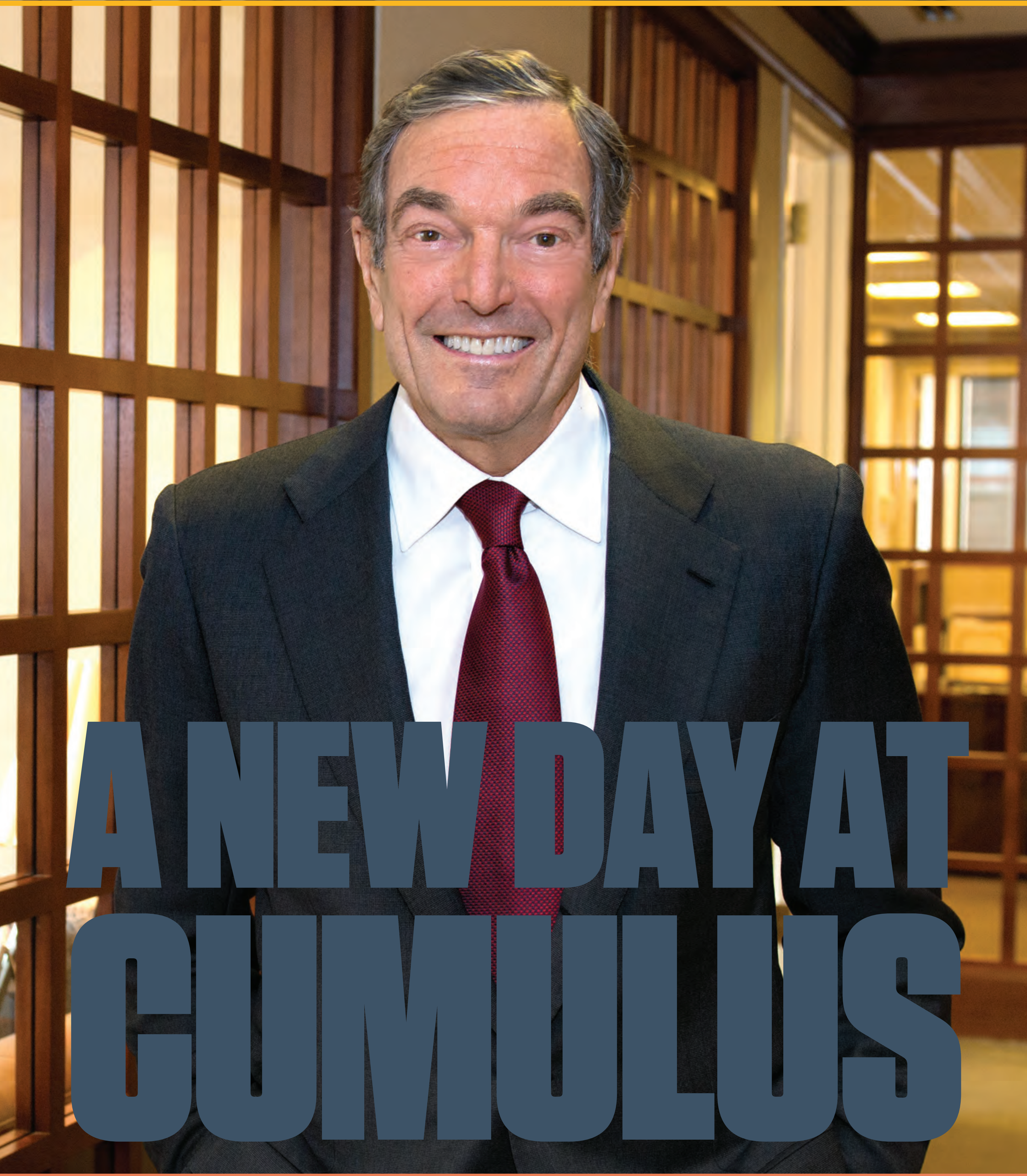


A NEW DAY AT CUMULUS

Chairman of the *Board Jeff* Marcus leads change at radio’s second-largest company

The 2015 Radio Show was being held in the city of Atlanta, which just happens to be home to Cumulus Media headquarters. And on day one of the Radio Show, the big news was not about keynote speakers, programmatic panels, or radio's place on the dashboard. It was about Lew and John Dickey being pushed out of Cumulus by the company's board of directors. Cumulus' stock was tanking, revenue was weak, and once-strong radio brands across the country were lifeless. A few billion dollars in looming debt added to the board's concerns. The decision had been made: It was time for a change.

Radio unknown Mary Berner would be taking over as CEO, tasked with turning the company around. Speculation that Berner would take the company into bankruptcy was the buzz in Atlanta, but Berner sent out an employee e-mail, soon followed up with a webcast, that helped ease those concerns. The response among the managers *Radio Ink* spoke to after the webcast was positive, but only time will tell if Berner can turn Cumulus around, get revenue up, and get the debt down.

Jeff Marcus is chairman of Cumulus' board (of which Lew Dickey remains a member). And Marcus was the driving force behind the change in CEO from Lew Dickey — whom Marcus calls a friend — to Mary Berner. It was Marcus' journey around the country, visiting stations, that helped him decide that new leadership was in order.

Of course, Jeff Marcus is not new to radio; back in 1998, he and Tom Hicks merged Chancellor and Capstar, forming Chancellor Media, making it at the time the largest radio company in the world, with 463 radio stations in 105 markets and $1.6 billion in annual revenue.

Here are the details about why Marcus and the board pushed Lew Dickey out and brought in Mary Berner at Cumulus, and what Marcus sees in store in the days and years ahead.

RI: Why did you invest in radio? What did you like about radio, to get involved in it?
MARCUS: At Crestview, we looked at radio for a long time. As you know, I was involved in the radio business back in the '90s, so I have a long history in radio. We began to look at it again around 2008, when prices were still pretty high. A few years after that, valuations had come down and it became compelling.

We were approached by Lew Dickey, who thought that there was an opportunity to consolidate the radio space. We liked Lew and decided to move forward. We like radio because it is a mass-medium-reach business, and it is the lowest cost for the advertisers in terms of reaching that audience. It's free, it's easy, and it's enduring. With prices down to a level that we found it attractive, we wanted to invest.

RI: What is different about the radio business today, from the eyes of the investor, compared to your days in AM/FM?
MARCUS: It might be easier to answer that by asking, What's the same? The business has certainly changed a lot. One just has to look at how consumers listen to music to understand that there are huge differences. We also thought there would be an opportunity to take advantage of the disruptive technologies that were at that time just getting started but now have gained traction.

RI: How else does the investment community look at radio differently today?
MARCUS: I think that radio has a unique opportunity, with its ubiquitous bullhorn, to be the centerpiece of the new digital technologies and to have a great role in the digital world. Radio can also be the centerpiece for events. We've seen some of the companies in our business take advantage of these opportunities and do very well.

RI: Does the investment community believe all these new digital companies that they're investing in — and that aren't turning a profit — are going to replace industries like radio?
MARCUS: No, I don't think that's a commonly shared perception. There certainly are competing technologies out there today that weren't there back in the '90s, when I first became involved in the radio business. But radio is still very relevant, and radio still gets the predominant share of ear. There are many ways to listen to music and other audio features, but radio still gets the predominant share of listening.

RI: Is national scale important in radio?
MARCUS: I think national scale is important to be able to attract national advertisers. National advertisers are very much like any advertiser, in that they want to effectively reach their audience. IHeartMedia has shown that, with their ubiquity, they are very effective in attracting a large share of the national-advertiser universe. They have done a very good job with this.

RI: Next year will be the 20th anniversary of consolidation (after the Telecom Act of 1996). Has consolidation been good for radio?
MARCUS: I think it has been a very good thing for the industry, because I think, with the advent of the new and competing technologies, that scale in the radio business really matters. Advertisers being able to take advantage of scale has been good for radio, and it has been good for listeners.

RI: Should there be more consolidation?
MARCUS: We are seeing everything get bigger. It seems like every day we see an announcement of a big merger in one industry or another. All industries seem to be scaling up. As there is more and more competition in marketplaces, scale really does matter.

RI: Other than yourself, who is investing, and who do you think we're going to see investing, in the radio industry, next year and a few years down the line?
MARCUS: Well, that's an interesting question because radio is, right now, going through a change, and Cumulus is no exception. How we end up depends on how we are able to navigate the changing times. That will determine whether or not new investors will emerge. A lot of investors right now are taking a wait-and-see attitude.

But radio companies, by their nature, are very good free-cash-flow businesses, and investors look for yield on investment, and the radio industry can certainly provide that. But radio has to prove itself through this transition period before widespread interest will return.

RI: Radio executives constantly talk about the number of listeners we have and all these ROI studies keep coming out, yet revenue is consistently flat. What's it going to take to get the revenue up in the industry?

MARCUS: I think getting away from relying only on the traditional radio business is very important. If you look at listening, if you look at radio's share of the advertising pie, and if you look at all of the important metrics, they're ebbing down slowly. They're not going down in a dramatic fashion, but still they're ebbing down. So in order to counter that, radio has to come up with something new.

That something new is digital and events. The most successful companies in radio right now are actually showing some revenue gains in these areas and are doing quite well. As the radio industry embraces new technologies and is able to monetize them, we will see interest in the radio business increase.

RI: Is there is a serious way to monetize digital?

MARCUS: With younger people in particular, digital is becoming ever more important. We are all experimenting with different models. We are all trying different approaches, and I think that we will settle on something that will make sense for radio listeners and for radio advertisers and will prove out in the economic model.

RI: In 2008, you got involved with Cumulus again. What were your first thoughts about Cumulus back then?

MARCUS: Lew Dickey approached us at first about participating with Cumulus in trying to buy the radio assets of Susquehanna. They had some cable assets and some radio assets, and Lew was interested in buying the radio assets. We felt that prices were too high at the time, but Lew prevailed in that process, with two other private equity firms. They created a sidecar vehicle through Cumulus Media that was called Cumulus Media Partners.

That did not work out as planned because they paid too much for the stations. Then, a couple of years later, Lew came back to us, indicating that radio stations' prices had fallen into a range that he hoped we would find compelling. It was that second approach that interested us, once prices of radio stations had fallen to a level that we thought was compelling.

> "The challenge is to get the company turned around and be able to refinance the debt when it becomes due. That's why we decided to make the management changes when we did, because we just didn't see the results getting better."

RI: So then Citadel was back on the table?

MARCUS: Actually, Citadel had just gone through a restructuring. As a result, it was owned by some unnatural equity holders; these were entities that had previously owned the debt and came out owning the equity after the restructuring. Lew approached the Citadel board and the management team, and neither was interested in making a deal. It was quite a long process that ultimately involved going directly to the owners of Citadel to determine if they would be interested in selling, and ultimately they were.

RI: Were you on the Cumulus board at the time?

MARCUS: No, I was not. We had made an informal arrangement with Lew in 2010, wherein if he were to find an appropriate acquisition candidate, we would be willing to back him and put money into Cumulus. The initial concept was to do it as a sidecar investment, as the Susquehanna deal had been fashioned.

But when Citadel became a reality, we decided that structure wasn't the right way to do it, so we asked Lew to roll everything up into Cumulus Media. We thought that made the most sense, and that's what happened. We completed the Citadel merger in September of 2011, and the stations from Susquehanna, Citadel, and Cumulus Media all became the new Cumulus Media, and that's when we invested.

RI: Obviously, at the time, you thought the company was headed in the right direction.

MARCUS: The thesis was that Citadel, having gone through a restructuring and having gone through a period of benign neglect, would be ripe for turnaround. There were some very good assets within Citadel, a strong network as well as many fine radio stations. The investment thesis was that the management of Cumulus could turn these underperforming stations around and the company would become a powerhouse.

RI: That thesis didn't work out?

MARCUS: No, it didn't. We did not get the results that we expected, and instead of the Citadel stations rising to where we hoped they would, quite the opposite happened. The combined company has not yet been able to hit on all cylinders.

RI: Why do you think that was?

MARCUS: Cumulus is comprised of

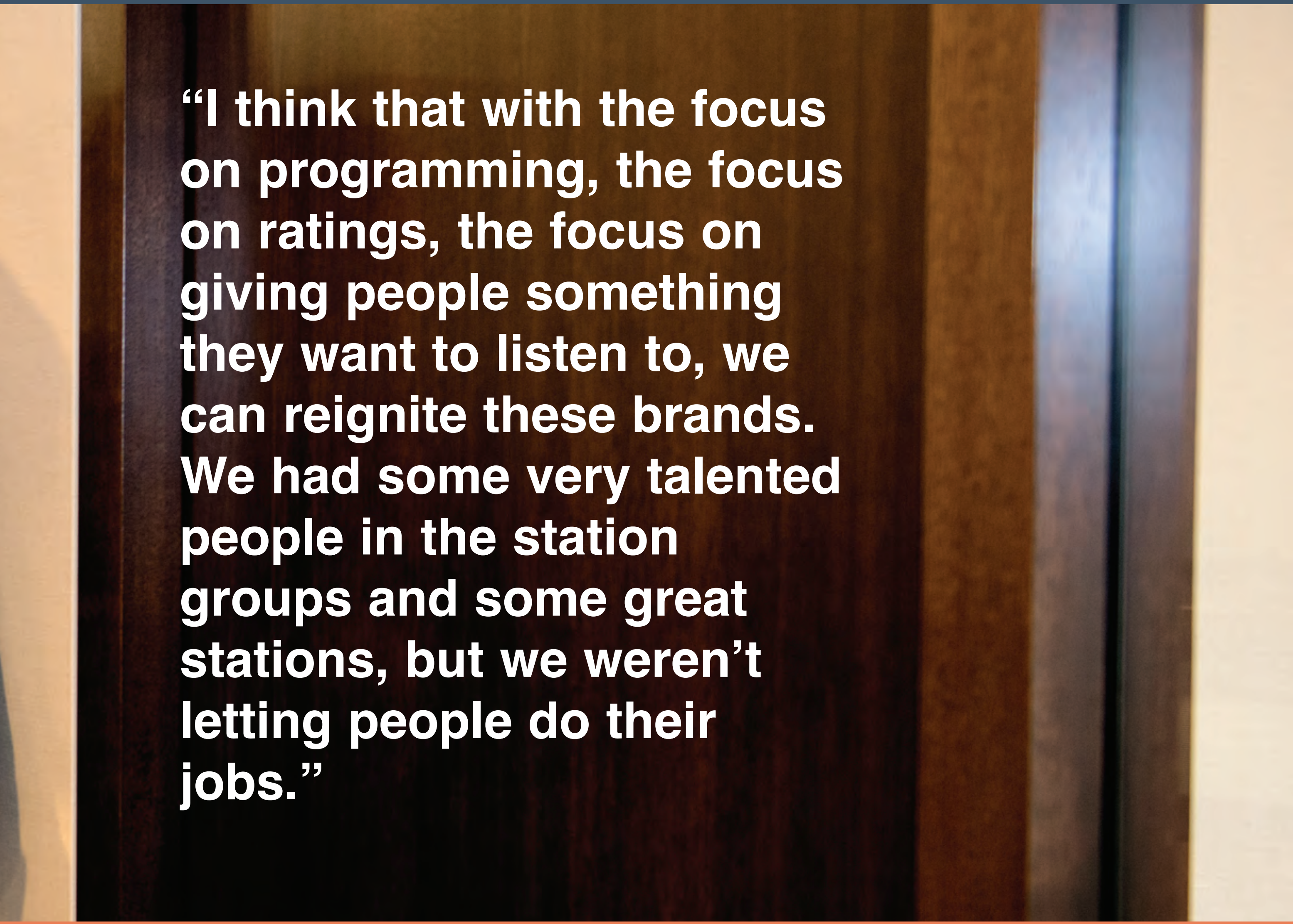
some very powerful brands and some wonderful heritage stations that have been around for a long time. The old Cumulus was a collection of small-market radio stations, and Susquehanna was a group of 10 or 12 radio stations in larger markets. We took the nucleus of what was Cumulus and added a platform that was significantly larger and made that into one company. There were a lot of integration issues, and I think that the management team that was running the old Cumulus was simply not up to the task of running a much larger company.

RI: When Dial Global/Westwood One came along, did you think that was a good deal?
MARCUS: The thesis on Dial Global was that it would fit perfectly with the legacy Cumulus radio network and the network assets we received in the Citadel merger. All together, we would become a radio network that would rival Premiere in terms of its size and its scope. Understanding that scale is important and scale matters, we thought that this would work out very well. What we have in Westwood One is a network with over 170 programs and services serving 8,700 radio stations. It's a powerful brand and a powerful platform, but so far it hasn't fulfilled its potential.

RI: At what point did the board feel that there needed to be a new management direction?
MARCUS: We closed the Citadel merger on September 16, 2011. We had very high hopes for the company. We set out to harvest the synergies that were laid out in the merger projections and to turn the acquired stations around. It always takes time, and somehow it always takes longer than one expects.

So we went through 2012, and the results were disappointing. I don't think that any of us were satisfied with the results in 2012, but we had high hopes for 2013. I was the lead director at the time.

We had Crestview as the largest investor, and had two of the seven directors. We had a lot of confidence in Lew and the management team and believed they would be able to fulfill the promise of the merger. We focused on certain strategic transactions, such as the sale of smaller radio stations to Townsquare Media and the purchase of Dial Global. We also created the Nash brand. There were a number of different initiatives that were designed to make the platform more effective and to drive



"I think that with the focus on programming, the focus on ratings, the focus on giving people something they want to listen to, we can reignite these brands. We had some very talented people in the station groups and some great stations, but we weren't letting people do their jobs."

us to scale. And so in many ways, the company was a moving target.

But at the same time, we found the ratings in the various radio stations continuing down, not up. We also saw our market share deteriorate, as well as our broadcast cash flow deteriorating. It took a few years of disappointing results until the board decided that the company's direction wasn't changing and that a change in management was necessary.

RI: Did you know Mary Berner before all of this started to happen?

MARCUS: Following the Citadel merger, there were seven directors on the board. One of the directors was Trey Sheridan, who had been there from almost the beginning. He was a representative of an investor entity that owned shares in Cumulus. Trey's firm began to go in a different direction, and the Cumulus investment was no longer central to their portfolio, and at that point, he decided to go off the board.

The Cumulus nominating committee, of which I am the chairman, retained the services of a national search firm to find a director to replace him. We interviewed a number of very capable candidates, Mary being among them. She really was the standout person, and we appreciated her long and successful experience in advertising-supported media and magazines and her track record as a very strong and confident operator. We invited Mary to join the board, and she began her board service in May of this year.

RI: When you started to go around to see the stations and the employees, how were they doing at the time?

MARCUS: One of the things that I decided to do was to go out and see for myself what was happening in the individual station groups. I asked Lew not to accompany me, because I wanted to have a different kind of conversation with the station personnel. If Lew or any of the other operating executives were with me, it would be a different meeting. As the former CEO of Chancellor Media, I wanted to see for myself how the business was really running.

I laid out a schedule that would take me to some of the largest markets and some of the smaller markets. The problems I found during those visits were very consistent across all the markets. We had some very talented people in the station groups and some great stations, but we weren't letting people do their jobs. We had a command-and-control system in Atlanta that was designed to rein people in and to make their lanes so narrow that they didn't really have an opportunity to operate.

I will give you an example. I was in one of our largest markets, speaking to the market manager, who is a successful veteran of the radio business, and I asked him about programming. He expressed a concern to me that one of his program directors was having trouble getting permission to play some songs that he thought were appropriate for the market. He had made the request to Atlanta, and Atlanta was sitting on the request. Not a good situation.

I was just so surprised, because we have these talented people that we hire into the company, and we vet them very carefully to make sure they have the right experience. And then we make sure that they have the right acumen and they know how to do their jobs. Then we put them out in the markets, and we don't let them do their jobs. And that makes no sense at all. I saw this throughout the markets. It was a consistent theme. The command-and-control system in Atlanta was getting in the way of doing business. It had become more of a burden than a benefit.

RI: The headline for our cover is going to be "A New Day at Cumulus." Is it a new day at Cumulus with Mary Berner in charge? What can we expect?

MARCUS: Absolutely. It's a new day, and a new era. Mary is a breath of fresh air. The best news at Cumulus right now is that Mary Berner is the CEO. She is a tremendous leader. Her first day on the job, she did a webcast to our 5,700-plus employees, and I have to say she was absolutely pitch-perfect and really did an outstanding job in answering questions.

Before she even became the CEO, she sent out an electronic survey asking people about their concerns, and thousands of people answered. Questions such as "What do you want to see me do? What do you want to see me not do? What are your concerns on a day-to-day basis?" She read every single one of the responses. She addressed the general themes in this initial webcast.

Now she's been out, going to the markets, talking to the people, trying to understand the issues and the problems.

"The best news at Cumulus right now is that Mary Berner is the CEO. She is a tremendous leader."

Remember, Mary also was the chairperson of the board's operations subcommittee. Even before becoming CEO, she was tasked with and conducted a study on what was happening within the company in terms of what was going right and what was going wrong. So Mary started off with a very good background with respect to what has to happen in the company to effect positive change.

I think that Mary is tremendously energized, and she is tremendously organized. Her skills are exactly those that we need at Cumulus. She is an operator's operator. She knows how to run a business. She knows how to empower people and hold them accountable. I think we are going to see a lot of very positive changes at Cumulus. I for one couldn't be more pleased that she is our CEO.

RI: What's job number one right now?

MARCUS: Job number one is understanding the problem. Mary is in the process of getting her hands around what exactly are the problems, and then she will point people in the right direction.

RI: Is Nash part of the plan moving forward?

MARCUS: Nash is very much part of the plan. As Cumulus has the largest country platform in the United States, there is a natural role for Nash. What Nash is and how Nash works is in the process of being determined, but the Nash brand itself has potential to be an important programming element of Westwood One and our owned-and-operated radio stations.

RI: What about the Nash Icon music label?

MARCUS: I really can't say at this time. I want to leave that up to Mary to make that determination.

RI: Rdio?

MARCUS: Well, I think Rdio was a good try. The model that Rdio embraces, which Spotify has successfully proven out, is a very good model. The access to songs, and lots of them, and being able to curate your own music and curate your own radio stations, and to have the ability to access as opposed to owning the music, is very much where technology is going. But Rdio has to raise its profile to become part of the digital conversation. When this technology is spoken about in the press, you rarely hear about Rdio.

I think Rdio has to take every opportunity to make itself into a relevant player in what is a highly competitive pureplay digital marketplace. I don't fault anyone at Cumulus for going in that direction and investing in a medium that involved no capital outlay but achieved an equity position through the running of ads on the air. We continue to believe in the value of delivering content digitally.

RI: Sweetjack?

MARCUS: Sweetjack was something we tried. We made an investment. It wasn't a particularly large investment, and it was something that at the time was very much in vogue, but it fell out of favor quickly. When you're in a business and an industry that is transitioning, you have to try a lot of things. The key to success is not betting the whole company on one new effort, but making small forays and testing. One toe into the water, and then a foot, but it's important to not jump in until something has really proven itself out. Rdio and Sweetjack were things that we tried. Unfortunately, they didn't work out, but it was worth trying.

I think that right now, Cumulus is in the process of looking around and seeing how other radio companies are doing with the various initiatives they are trying. Some have been successful, and some have not. I think at this point, we are dedicated to becoming fast followers of successful strategies.

RI: You mentioned that Cumulus has some powerful radio brands, and that's for sure. Do you feel confident that you will be able to reignite those brands?

MARCUS: One of the wonderful things about radio, and I learned this back in 1994 when I joined the board of Chancellor Media, was that radio does have the ability to turn around quickly. A radio station can go from worst to first in a market much faster than a television station can. I think that with the focus on programming, the focus on ratings, the focus on giving people something they want to listen to, we can reignite these brands.

Brands really stand for something. One only has to listen to WPLJ in New York right now and hear how we're restoring that brand to what it once stood for. It went off the tracks for a while, but now it is coming back, and the ratings are improving. The same is true with so many of our heritage stations and our big brands throughout the country.

The thing that is so interesting is that, looking across the company, we saw the same thing happening over and over again, market after market. It's not the fault of the local markets, it was the fault of the command-and-control system in Atlanta. When one has a problem and one is digging oneself into a hole, the first thing to do is to stop digging. With the changes that we're making at the company, we've stopped the digging and are now in the process of rebuilding.

RI: How comfortable do you feel about being able to address the debt?

MARCUS: Fortunately, our debt has few covenants; it is a covenant-light debt structure. Our debt is not due for three to four years. So right now, although the debt looms in front of us, and it is not something we take lightly, we have a lot of liquidity and we have a lot of running room. The challenge is to get the company turned around and be able to refinance the debt when it becomes due.

That's why we decided to make the management changes when we did, because we just didn't see the results getting better. I think that once we begin to post better results, investors up and down the capital structure are going to feel very differently about this company.

RI: Do you feel you need all those stations and you'll keep all the stations that you have?

MARCUS: Well, it is difficult to say. We have a big platform. We have 460 radio stations in 90 markets. Not all of them are within large clusters. I will tell you that we love each and every one of our radio stations, and right now we have no plans to change anything, but obviously this is an iterative process and we will make decisions about that over time as conditions warrant.

RI: One of the things that people seemed to focus on when Mary Berner was hired was the Reader's Digest reorganization. How do you address employees when they read that? Is that off the table?

MARCUS: I really think it is. I think that Mary's webcast energized the team and gave everyone tremendous confidence.

A new era and a new day have come to Cumulus. Mary has been out in the markets. She actually walked into station groups and received a standing ovation. People have said this is the first time they've seen anybody from corporate. People have said this is the first time they've received an e-mail from the CEO of the company. People have said that this really is a new day at Cumulus.

The facts around Mary's experience at Reader's Digest show that she was a great success. She was brought in to fix a situation that was inherently bad. Private equity owners of Reader's Digest had overlevered the company and had a belief that they could sell certain assets, and in doing so, they would could pay due debt. This was right before the financial crisis. When the financial crisis hit, they weren't able to sell those assets at the prices they expected, and the debt couldn't be serviced out of existing operations.

When we spoke to people on the board at Reader's Digest, including two individuals who held the role of chairman, they only had the highest praise for Mary. They all mentioned Mary's leadership ability, her ability to coalesce a team around her, and her ability to turn operations around. We looked at this a lot, and carefully, and it was very apparent to us that Mary Berner was the right person for the job.

RI: Three or four years from now, what will people be saying about Cumulus?

MARCUS: My expectation is that people will be saying, "What a great comeback. It was a tough situation, but they've done a great job." It will be hats off to Mary Berner and her team.

RI: What do you want the employees to know about the next few years, the next few days, the next few months?

MARCUS: I think the most important thing is for people to know that this is a new era at Cumulus, where talented people will be empowered and be able to do their jobs to the best of their abilities. They will be given every tool necessary to do so, and they will be held accountable.