

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-0123

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name Audacy, Inc.		2 Issuer's employer identification number (EIN) 23-1701044	
3 Name of contact for additional information Nick Tsapralis	4 Telephone No. of contact +1 484 270 6325	5 Email address of contact nick.tsapralis@audacy.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 2400 Market St, 4th Fl		7 City, town, or post office, state, and ZIP code of contact Philadelphia, PA 19103	
8 Date of action See Attached Statement		9 Classification and description See Attached Statement	
10 CUSIP number See Attached Statement	11 Serial number(s) See Attached Statement	12 Ticker symbol AUDAQ	13 Account number(s) See Attached Statement

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **See Attached Statement**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **See Attached Statement**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **See Attached Statement**

Part II **Organizational Action** *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► [See Attached Statement](#)

18 Can any resulting loss be recognized? ► [See Attached Statement](#)

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ► [See Attached Statement](#)

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►

Nicholas Tsapralis

Date ►

11/14/2024

Print your name ►

Title ▶

Vice President of Taxes

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if
self-employed

PTIN

Firm's name ▶

Firm's EIN ►

Firm's address ►

Phone no.

Audacy, Inc.
EIN: 23-1701044
Audacy Capital Corp.
EIN: 13-4142467
Attachment to Form 8937
Report of Organizational Action Affecting Basis of Securities

Disclaimer: The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended (the "IRC"). The information contained in Form 8937, *Report of Organizational Action Affecting Basis of Securities*, ("Form 8937") and this attachment does not constitute tax advice and does not purport to take into account the specific circumstances of any shareholder, warrant holder, noteholder, holder of indebtedness, or other interest or holder of general unsecured claims, and is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the IRC. All such holders are urged to consult their tax advisors regarding the United States ("U.S.") tax consequences of the transactions described herein and the impact to tax basis resulting from the transactions.

Part I, Reporting Issuer

Form 8937, Line 2, Issuer's employer identification number ("EIN")

Audacy, Inc. 23-1701044
Audacy Capital Corp. 13-4142467

Form 8937, Line 8, Date of action

September 30, 2024 (the "Emergence Date").

Form 8937, Line 9, Classification and description

Debt with Audacy Capital Corp. ("Audacy Capital") as obligor:

- (i) Senior Secured Superpriority Debtor-in-Possession Term Loan Credit Facility of \$32.0 million (the "DIP Facility", the loans thereunder the "DIP Loans", and each lender a "DIP Lender");
- (ii) First-Lien Term Loans under Audacy Capital's credit agreement dated October 17, 2016 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time) in an aggregate principal amount of \$770.0 million and revolving loans thereunder in an aggregate principal amount of \$227.3 million (the "First Lien Loan Claims" and holders thereof, "First Lien Loan Holders"); and
- (iii) 6.500% Senior Secured Second-Lien Notes due 2027 in an aggregate principal amount of \$470,000,000 and 6.750% Senior Secured Second-Lien Notes due 2029 in an aggregate principal amount of \$540,000,000 (the "Second Lien Note Claims" and holders thereof, the "Second Lien Note Holders").

Common stock of Audacy, Inc.:

- (i) Class A Common Stock and Class B Common Stock of Audacy, Inc. ("Audacy") that was issued in connection with the Debtors' emergence from bankruptcy (the "New Audacy Common Stock");
- (ii) Warrants to purchase 807,293 shares New Audacy Common Stock from Audacy at the price of \$0.0001 per share issued to certain holders of claims against the Debtors, the exercise of which was subject to certain foreign ownership restrictions imposed by the Federal Communications Commission ("Special Warrants"). Because the Special Warrants have a nominal exercise price, Audacy intends to take the position that the Special Warrants should be treated as the underlying Audacy Common Stock on an as-if-exercised basis for U.S. federal income tax purposes. This Form 8937 is prepared on the assumption that such treatment will apply.

Warrants issued to Second Lien Note Holders to purchase an aggregate of up to 2,121,212 shares of New Audacy Common Stock within four years of Audacy's emergence from bankruptcy at an exercise price of \$77.10 per share of New Audacy Common Stock (equal to seventeen and one-half percent (17.5%) of the New Audacy Common Stock on a fully diluted basis at an equity value of \$771.0 million) ("New Second Lien Warrants") that were issued in connection with the Debtors' emergence from bankruptcy.

Debt with Audacy, Inc. as obligor for U.S. federal tax purposes (issued by Audacy Capital, LLC, an entity disregarded as separate from Audacy, Inc., for U.S. federal income tax purposes):

- (i) up to \$25.0 million of first lien, first-out exit term loans (“First-Out Exit Term Loans”) comprised of converted DIP Loans (or new loans from Electing DIP Lenders (defined below) that opted to fund their share of First-Out Exit Term Loans in cash) [or new loans to the extent that Electing DIP Lenders held less than \$25.0 million of DIP Loans];
- (ii) first lien, second-out exit term loans provided to First Lien Loan Holders (“Second-Out Exit Term Loans”) in an aggregate principal amount equal to \$250.0 million minus the amount of the First-Out Exit Term Loans, subject to certain adjustments (collectively, the “Exit Term Loan Credit Facility”).

The New Second Lien Warrants are sometimes referred herein to collectively with Special Warrants received by Second Lien Note Holders as the “New Audacy Warrants.” The New Audacy Common Stock, Special Warrants, and New Second Lien Warrants are sometimes referred to collectively herein as the “Plan Securities.”

Form 8937, Line 10, *CUSIP number*

The CUSIP number for the DIP Loans was 05068JAB2. The CUSIP numbers for the First Lien Loan Claims were 12506KAF6 and 12506KAE9. The CUSIP numbers for the Second Lien Note Claims were 29365DAB5 and 29365DAA7.

The CUSIP numbers for shares of the New Audacy Common Stock are (i) for New Class A Common Stock, 05070N301; and (ii) for New Class B Common Stock, 05070N 400.

The CUSIP number for the Special Warrants is 05070N111 .

The CUSIP numbers for the New Second Lien Warrants are 05070N129 (with Black Scholes protection) and 05070N137 (without Black Scholes protection).

The CUSIP number for the First-Out Exit Term Loan is 05070XAC5, and the CUSIP number for the Second-Out Exit Term Loan is 05070XAB7.

Part II, *Organizational Action*

Form 8937, Line 14

On February 20, 2024, the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”) confirmed the Debtors’¹ joint prepackaged plan of reorganization (the “Plan”) filed by the Debtors on January 7, 2024 (the “Chapter 11” cases) pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”).² On the Emergence Date, the Debtors satisfied all conditions required for Plan effectiveness and emerged from the Chapter 11 cases as a private company.

The Plan and supplements thereto, including a restructuring transaction steps memorandum, were intended to be treated as a “plan of reorganization” within the meaning of Treasury Regulations sections 1.368-2(g) and 1.368-3(a). Pursuant to the plan of reorganization, the Debtors took the following actions:

¹ A complete list of each of the debtors in these chapter 11 cases (the “Debtors”) may be obtained on the website of the Debtors’ claims and noticing agent at <https://dm.epiq11.com/Audacy> (the “Case Website”).

² In re: Audacy, Inc., et al. Case No. 24-90004 (CML).

Step 1: Prior to the Effective Date, Audacy Corp. changed its name to Audacy Ace, Inc.
Step 2: On the Effective Date, Audacy converted to a Delaware corporation.
Step 3: Immediately after Step 2, Audacy Operations, Inc. converted to a Delaware limited liability company.
Step 4: Immediately after Step 3, Audacy Ace, Inc. (formerly Audacy Corp.) converted to a Delaware limited liability company.
Step 5: Immediately after Step 4, Audacy transferred the Plan Securities to Audacy Capital as prepayment in consideration for the assets treated for U.S. federal income tax purposes as being received by Audacy in Step 7.
Step 6: Immediately after Step 5, Audacy Capital distributed the Plan Securities received in Step 4 to holders of allowed claims pursuant to the Plan. Solely for administrative convenience, the distributions in accordance with this Step 6 may have been made directly by Audacy or other applicable distribution agent; provided, that the transactions were intended to be treated for U.S. federal income tax purposes as occurring as described in these steps.
Step 7: Immediately after Step 6, Audacy Capital converted to a Delaware limited liability company.

The events that occurred on the Emergence Date pursuant to the Plan are cumulatively referred to herein as the “Restructuring.”

Audacy intends to take the position that each of the conversions of Audacy Operations, Inc., Audacy Ace, Inc., and Audacy Capital, taken together with the distribution of Plan Securities to holders of claims, qualifies as a reorganization under section 368(a)(1)(G) of the IRC. This Form 8937 is prepared on the assumption that such treatment will apply.

Certain of the tax consequences described herein depend on whether particular instruments qualify as “securities” for U.S. federal income tax purposes. Neither the Code nor the Treasury regulations define the term security. Authorities have held that the term to maturity of a debt instrument is one of the most significant factors in determining whether a debt instrument qualifies as a security. In this regard, debt instruments with a term of ten years or more generally have qualified as securities, whereas debt instruments with a term of less than five years generally have not qualified as securities. However, whether a debt instrument is a security depends on all of the facts and circumstances, and the term of the instrument by itself is not dispositive.

Treatment of the Allowed DIP Claims

Under the Plan, in full and final satisfaction, settlement, release, and discharge of, and in exchange for its allowed claim on the DIP Facility (each an “Allowed DIP Claim” and collectively the “DIP Claims”), on the Emergence Date, each holder of an Allowed DIP Claim was entitled on account of such Allowed DIP Claim, at such holder’s option, to either (i) have such Allowed DIP Claim be repaid in full in cash, or (ii) have its *pro rata* share of the DIP Loans converted into First-Out Exit Term Loans on a dollar-for-dollar basis (each holder electing (ii), an “Electing DIP Lender,” and collectively, the “Electing DIP Lenders”); provided that to the extent that the principal amount of DIP Loans held by Electing DIP Lenders as of the Emergence Date exceeded \$25.0 million, each Electing DIP Lender was to receive its *pro rata* share of \$25.0 million of First-Out Exit Term Loans, and any DIP Loans held by such Electing DIP Lenders that were not converted were to be paid in cash.

Treatment of First Lien Loan Claims

On the Emergence Date, pursuant to the Plan, each First Lien Loan Holder (other than holders of claims related to Restructuring expenses) received, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its allowed First Lien Loan Claim ("Allowed First Lien Loan Claim"), its *pro rata* share of: (i) the Second-Out Exit Term Loans; and (ii) New Audacy Common Stock and/or Special Warrants, as applicable (the "First Lien Loan Claims Equity Distribution").

In addition to receiving Second-Out Exit Term Loans and the First Lien Loan Claims Equity Distribution, each First Lien Loan Holder that also held an Allowed DIP Claim and was an Electing DIP Lender was entitled to its *pro rata* share of a distribution of New Audacy Common Stock and/or Special Warrants, as applicable, which constituted (inclusive of the shares that could be issued in connection with the exercise of the Special Warrants), in the aggregate, ten percent (10%) of the New Audacy Common Stock issued and outstanding on the Emergence Date (inclusive of the shares that could be issued in connection with the exercise of the Special Warrants, but excluding shares that could be issued in connection with the exercise of the New Second Lien Warrants) (the "DIP-to-Exit Equity Distribution").

Although not free from doubt, Audacy intends to take the position that the DIP-to-Exit Equity Distribution was exchanged with respect to the First Lien Loan Claims rather than the DIP Claims.

Treatment of Second Lien Note Claims

On the Emergence Date, each Second Lien Note Holder (other than holders of claims related to Restructuring expenses) received, in full and final satisfaction, settlement, discharge and release of, and in exchange for, its allowed Second Lien Note Claim ("Allowed Second Lien Note Claim"), its *pro rata* share of (i) New Audacy Common Stock and/or Special Warrants, as applicable; and (ii) New Second Lien Warrants (together, the "Second Lien Note Claims Equity Distribution").

For more information regarding the Restructuring, please see the Plan and the Disclosure Statement filed with the Bankruptcy Court, available at <https://dm.epiq11.com/Audacy>.

Form 8937, Line 15

Effect on Basis of DIP Lenders

As a result of the Restructuring, each Electing DIP Lender exchanged its Allowed DIP Claim with respect to the DIP Loan with Audacy for the First-Out Exit Term Loan. It is expected that the DIP Loan will not constitute a security, and accordingly that such an exchange will be a fully taxable exchange. As a result, each DIP Lender generally should recognize gain or loss in the exchange equal to the difference between (i) the issue price of the First-Out Exit Term Loan received (except that consideration allocable to accrued but unpaid interest on the DIP Loan exchanged will be taxable as interest income if not previously included in income by the DIP Lender) and (ii) such holder's adjusted tax basis in the DIP Loan exchanged. Such DIP Lender's tax basis in any First-Out Exit Term Loan received generally should equal the issue price of such First-Out Exit Term Loan as of the date such First-Out Exit Term Loan is distributed to the holder. A holder's holding period for the First-Out Exit Term Loan received should generally begin on the day following the day of the exchange.

As noted above, Audacy intends to take the position that the DIP-to-Exit Equity Distribution was exchanged with respect to the First Lien Loan Claims rather than the DIP Claims. If contrary to this position the DIP-to-Exit Equity Distribution is viewed as exchanged with respect to the DIP Claims, each DIP Lender generally should recognize gain or loss on the exchange equal to the difference between (a) the sum of (i) the fair market value of the New Audacy Common Stock and Special Warrants received, and (ii) the issue price of the First-Out Exit Term Loan received (apart from any amounts allocable to accrued but unpaid interest not previously included in income by the DIP Lender), and (b) such holder's adjusted tax basis in the DIP Loan exchanged. The DIP Lender should have a tax basis in each item of the consideration received equal to such item's fair market value (or issue price, in the case of the First-Out Exit Term Loan received) as of the date of the distribution to the DIP Lender. The holding period for any such property should begin on the day following the receipt of such consideration.

DIP Lenders should consult their tax advisors to determine the tax consequences of the Restructuring and the Plan to them.

Effect on Basis to First Lien Loan Holders

As a result of the Restructuring, each First Lien Loan Holder exchanged its allowed First Lien Loans Claims for a pro rata share of the Second-Out Exit Term Loans and New Audacy Common Stock and/or Special Warrants. In addition, and as noted above, Audacy intends to take the position that the DIP-to-Exit Equity Distribution was exchanged with respect to the First Lien Loan Claims rather than the DIP Claims. To the extent that such position is respected, references in the discussion that follows to New Audacy Common Stock and Special Warrants received by First Lien Loan Holders include New Audacy Common Stock and Special Warrants received in the DIP-to-Exit Equity Distribution. Consideration received by a First Lien Loan Holder that is allocable to accrued but unpaid interest on its First Lien Loan Claims that has not previously been included in income by the First Lien Loan Holder will generally be taxable as interest income.

Although not free from doubt, Audacy intends to take the position that the First Lien Loan Claims are treated as securities for U.S. federal income tax purposes. It is unclear whether the Second-Out Exit Term Loans are properly treated as securities for U.S. federal income tax purposes. If both the First Lien Loan Claims and the Second-Out Exit Term Loans are treated as securities for U.S. federal income tax purposes, the First Lien Loan Holders should not recognize gain or loss with respect to the exchange. In such case, the First Lien Loan Holder should generally have an aggregate tax basis in the Second-Out Exit Term Loans, the New Audacy Common Stock, and the Special Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income by the First Lien Holder) equal to the tax basis of the First Lien Loan Claim surrendered by such First Lien Loan Holder. Subject to the rules regarding accrued but unpaid interest, a First Lien Loan Holder's holding period for its Second-Out Exit Term Loans, New Audacy Common Stock, and Special Warrants received would include the holding period for the exchanged First Lien Loan Claim.

If the First Lien Loan Claims are not treated as securities, then the exchange of such First Lien Loan Claims should be treated as a taxable exchange pursuant to Section 1001 of the IRC. A First Lien Loan Holder that is subject to this treatment should recognize gain or loss measured by the difference between (a) the sum of (i) the fair market value of the New Audacy Common Stock and Special Warrants received, and (ii) the issue price of the Second-Out Exit Term Loans received (apart from amounts allocable to accrued but unpaid interest not previously

included in income by the First Lien Loan Holder), and (b) the First Lien Loan Holder's adjusted tax basis in its First Lien Loan Claim. The First Lien Loan Holder should have a tax basis in each item of the consideration received equal to each such item's fair market value (or issue price, in the case of the Second-Out Exit Term Loan received) as of the date of the distribution to the First Lien Loan Holder. The holding period for any such property should begin on the day following the receipt of such consideration.

If the Second-Out Exit Term Loans do not constitute securities but the First Lien Loan Claims are treated as securities, then the exchange of First Lien Loan Claims should be a partially taxable exchange pursuant to sections 354 and 356 of the IRC, with the receipt of the Second-Out Exit Term Loans treated as "boot." In such event, a First Lien Loan Holder should not recognize loss, but should recognize gain equal to the lesser of (a) the fair market value of the Second-Out Exit Term Loans received and (b) the difference between (i) the sum of the fair market value of the New Audacy Common Stock, the Special Warrants, and the Second-Out Exit Term Loans received, and (ii) such First Lien Loan Holder's adjusted tax basis in its First Lien Loan Claim. The First Lien Loan Holder should generally have a tax basis in the New Audacy Common Stock and Special Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income by the First Lien Loan Holder) equal to (a) the tax basis of the First Lien Loan Claim surrendered by such First Lien Loan Holder increased by (b) gain recognized (if any) by such First Lien Loan Holder, and decreased by (c) the issue price of the Second-Out Exit Term Loan received. Subject to the rules regarding accrued but unpaid interest, a First Lien Loan Holder's holding period for its interest in the New Audacy Common Stock and Special Warrants received should include the holding period for the exchanged First Lien Loan Claim. A First Lien Loan Holder's initial basis in the Second-Out Exit Term Loans would equal their fair market value, and such First Lien Loan Holder's holding period with respect to the Second-Out Exit Term Loans would begin the day after the Emergence Date.

First Lien Loan Holders should refer to the Disclosure Statement filed with the Bankruptcy Court, available at <https://dm.epiq11.com/Audacy>, and consult their tax advisors to determine the tax consequences of the Restructuring and Plan to them.

Effect on Basis to Second Lien Note Holders

As a result of the Restructuring, each Second Lien Note Holder exchanged its allowed Second Lien Note Claims for New Audacy Common Stock and New Audacy Warrants. Although not free from doubt, Audacy intends to take the position that the Second Lien Note Claims are treated as securities for U.S. federal income tax purposes. Consideration received by a Second Lien Note Holder that is allocable to accrued but unpaid interest on its Second Lien Loan Claims that has not previously been included in income by the Second Lien Note Holder will generally be taxable as interest income.

If the Second Lien Note Claims are treated as securities for U.S. federal income tax purposes, Second Lien Note Holders should not recognize gain or loss with respect to the exchange. In such case, the Second Lien Note Holder should generally obtain an aggregate tax basis in the New Audacy Common Stock and the New Audacy Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income by the Second Lien Note Holder) equal to the tax basis of the Second Lien Note Claim surrendered by such Second Lien Note Holder. Subject to the rules regarding accrued but unpaid interest, a Second Lien Note Holder's holding period for its interest in the New Audacy Common Stock and New Audacy Warrants received should include the holding period for the exchanged Second Lien Note

Claim.

If the Second Lien Note Claims are not treated as securities, then the exchange of such Second Lien Note Claims should be treated as a taxable exchange pursuant to Section 1001 of the IRC. A Second Lien Note Holder who is subject to this treatment should recognize gain or loss equal to (a) the fair market value of the New Audacy Common Stock and New Audacy Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income by the Second Lien Note Holder), minus (b) the Second Lien Note Holder's adjusted tax basis in its Second Lien Note Claim. The Second Lien Note Holder should have a tax basis in each item of consideration received equal to such item's fair market value as of the date of the distribution of such item to the Second Lien Note Holder. The holding period for any such property should begin on the day following the receipt of such consideration.

Second Lien Note Holders should refer to the Disclosure Statement filed with the Bankruptcy Court, available at <https://dm.epiq11.com/Audacy>, and consult their tax advisors to determine the tax consequences of the Restructuring and Plan to them.

Form 8937, Line 16

DIP Lenders

A DIP Lender should obtain a tax basis in the First-Out Exit Term Loan received for its DIP Claim equal to the issue price of the First-Out Exit Term Loan. If the DIP-to-Exit Equity Distribution is treated as exchanged with respect to the DIP Claims rather than the First Lien Loan Claims, a DIP Lender should generally have a tax basis in the New Audacy Common Stock and Special Warrants received for its DIP Claim equal to the fair market value of such New Audacy Common Stock and Special Warrants.

First Lien Loan Holders

The tax basis of the Second-Out Exit Term Loan, New Audacy Common Stock, and Special Warrants received by a First Lien Loan Holder under the Plan (including New Audacy Common Stock and Special Warrants treated as received in the DIP-to-Exit Equity Distribution, to the extent such distribution is respected as being with respect to First Lien Loan Claims) depends which of the alternative possible treatments described in Line 15 applies.

- If (i) the First Lien Loan Claims and (ii) the Second-Out Exit Term Loan are treated as securities for U.S. federal income tax purposes, the First Lien Loan Holders should generally have an aggregate tax basis in the Second-Out Exit Term Loan, the New Audacy Common Stock, and the Special Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income) equal to the tax basis of the First Lien Loan Claim surrendered by such First Lien Loan Holder. Such aggregate tax basis should generally be allocated among each item of consideration received in accordance with its relative fair market value.
- If the First Lien Loans Claims are not treated as securities, the First Lien Loan Holder should obtain a tax basis in each item of consideration received equal to such item of consideration's fair market value (or issue price, in the case of the Second-Out Exit Term Loan) as of the date such consideration is distributed to the First Lien Loan Holder.
- If the Second-Out Exit Term Loans do not constitute a "security" but the First Lien Loan

Claims are treated as securities, the First Lien Loan Holder should generally have an aggregate tax basis in the New Audacy Common Stock and Special Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income) equal to (a) the tax basis of the First Lien Loan Claim surrendered by such First Lien Loan Holder increased by (b) gain recognized (if any) by such First Lien Loan Holder, and decreased by (c) the fair market value of any boot received (i.e., the Second-Out Exit Term Loans received). Such aggregate tax basis should generally be allocated among each item of consideration received in accordance with its relative fair market value. In such case, the tax basis of the Second-Out Exit Term Loans received by the First Lien Loan Holder would be their fair market value.

Second Lien Note Holders

The tax basis of the New Audacy Common Stock and New Audacy Warrants received by a Second Lien Note Holder under the Plan depends on which of the alternative treatments described in Line 15 applies.

- If the Second Lien Note Claims are treated as securities for U.S. federal income tax purposes, a Second Lien Note Holder should generally have an aggregate tax basis in the New Audacy Common Stock and the New Audacy Warrants received (apart from amounts allocable to accrued but unpaid interest not previously included in income) equal to the tax basis of the Second Lien Note Claim surrendered by such Second Lien Note Holder. Such aggregate tax basis should generally be allocated among the New Audacy Common Stock and the New Audacy Warrants in accordance with their relative fair market values.
- If the Second Lien Note Claims are not treated as securities, a Second Lien Note Holder should have a tax basis in the New Audacy Common Stock and New Audacy Warrants received equal to the fair market value of such New Audacy Common Stock and New Audacy Warrants as of the date they are distributed to the Second Lien Note Holder.

Issue Price of the Exit Term Loans and Fair Market Value of Plan Securities

It is expected that the issue price of the First-Out Exit Term Loan will be its stated principal amount.

With respect to the Second-Out Exit Term Loans, because First Lien Loan Holders receiving debt instruments (i.e., the Second-Out Exit Term Loans) are also receiving other property (i.e., New Audacy Common Stock and Special Warrants) in exchange for their First Lien Loan Claims, the “investment unit” rules may apply to the determination of the issue price of the Second-Out Exit Term Loans. In such case, the issue price of the Second-Out Exit Term Loans would depend in part on the issue price of the investment unit (i.e., the combination of the Second-Out Exit Term Loans, New Audacy Common Stock, and Special Warrants received), and the respective fair market values of the elements of consideration that comprise the investment unit. If the investment unit received in exchange for First Lien Loans Claims is considered to be publicly traded on an established market, the issue price of the investment unit would be the fair market value of the investment unit. If the investment unit is not itself considered publicly traded on an established market, but the investment unit is issued for property that is publicly traded on an established market (i.e., the First Lien Loans Claims to the extent that they are treated as publicly traded), the issue price of the investment unit generally will be equal to the fair market value of the publicly traded property for which the investment unit is issued, and such aggregate issue price is then allocated to the components of the investment

unit based on the relative fair market values of the respective components.

As of the date of this Form, Audacy has not determined the issue price of the Second-Out Exit Term Loans.

Under the applicable Treasury Regulations, the Debtors intend to make a determination as to the issue price of Second-Out Exit Term Loans and to make such determination available to First Lien Loan Holders within ninety (90) days of the issue date of the Second-Out Exit Term Loans. The Treasury Regulations provide that an issuer's determinations with respect to issue price binding on a holder unless the holder satisfies certain conditions.

None of the New Audacy Common Stock, the Special Warrants, or the New Second Lien Warrants were or are publicly traded, and their respective fair market values are unclear. Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how a stockholder should determine the fair market values of the New Audacy Common Stock, the Special Warrants, and the New Second Lien Warrants.

The investment unit rules may also apply to the DIP Lenders depending on which of the alternative treatments described in Line 15 applies (i.e., if the DIP Lenders are treated as receiving both the First-Out Exit Term Loans and the DIP-to-Exit Equity Distribution in exchange for their DIP Claims).

Form 8937, Line 17

DIP Loan Holders: Section 1001 of the IRC.

First Lien Loan Holders: Sections 354, 356, 358, 368, 1001, and 1012 of the IRC.

Second Lien Note Holders: Sections 354, 356, 358, 368, 1001, and 1012 of the IRC.

Form 8937, Line 18

DIP Lenders

The Restructuring and distributions pursuant to the Plan may result in recognition of loss to a DIP Lender to the extent that the DIP Lender's tax basis in its DIP Claim exceeds the issue price of the First-Out Exit Term Loan received in exchange for such DIP Claim (or, if the DIP-to-Exit Equity Distribution is treated as being with respect to the DIP Claims rather than the First Lien Loan Claims, the sum of the issue price of such First-Out Exit Term Loan and the fair market value of the New Audacy Common Stock and Special Warrants treated as received with respect to the DIP Claim).

First Lien Loan Holders

If the First Lien Loan Claims are treated as securities, a First Lien Loan Holder will not be able to recognize loss on the exchange of such First Lien Loan Claims pursuant to the Plan.

A First Lien Loan Holder may recognize loss if (i) the First Lien Loans Claims are not treated as securities, and (ii) the First Lien Loan Holder's tax basis in its First Lien Loan Claims exceeds the sum of (x) the fair market value of the New Audacy Common Stock and Special Warrants received for such First Lien Loan Claim (including New Audacy Common Stock and Special Warrants received in the DIP-to-Exit Equity Distribution to the extent the DIP-to-Exit Equity Distribution is properly treated as with respect to the First Lien Loan Claims) and (y) the issue price of the Second-Out Exit Term Loan received in exchange for such First Lien Loan Claims.

First Lien Loan Holders should consult their tax advisors to determine the tax consequences of the Restructuring and the Plan to them.

Second Lien Note Holders

If the Second Lien Note Claims are treated as securities, a Second Lien Note Claim holder will not be able to recognize loss on the exchange of its Second Lien Note Claims pursuant to the Plan. A Second Lien Note Holder may recognize loss if (i) the Second Lien Note Claims are not treated as securities, and (ii) the Second Lien Note Holder's tax basis in its Second Lien Note Claim exceeds the sum of the value of the New Audacy Common Stock and the New Audacy Warrants received in exchange for such Second Lien Note Claims.

Form 8937, Line 19

For DIP Lenders, First Lien Loan Holders, and Second Lien Note Holders, the adjustments to basis would be taken into account in the taxable year of each respective holder that includes the date upon which the applicable distribution(s) are made to such holder pursuant to the Plan (*i.e.*, the Emergence Date).