



Subject: USTN - Setting the Record Straight

To: Entercom Management

From: David Field

Date: Monday, August 6, 2018

As you know, on July 30th we announced that our reseller agreement with USTN had ended and that we had taken back the remainder of our traffic inventory that USTN had been selling. In making the announcement, we released a statement including the following quote on the situation:

“We are relieved to no longer be mired by the difficult USTN situation that was inherited as part of the CBS Radio merger. We will move quickly to augment our strong internal sales organization to ensure that we realize the full value of this inventory,” stated David Field, President and CEO, Entercom. “With leading news brands like 1010 WINS in New York, KNX in Los Angeles, and WBBM in Chicago, Entercom has the industry’s most valuable traffic inventory and we are pleased to be in control of our own destiny as we pursue opportunities in this attractive market segment.”

In the release, we also noted that USTN had filed a lawsuit against Entercom on July 27th. In response to that lawsuit, we added the following statement:

“Entercom believes the lawsuit is entirely baseless, frivolous and frankly insulting. Entercom has worked tirelessly and constructively with USTN over the past six months to help USTN work through its significant financial issues. Entercom is owed substantial amounts of money by USTN, and the Company intends to defend itself vigorously and assert all of its rights.”

To say the least, it is disappointing to read the ridiculous allegations that USTN has made when the truth is that we have acted in good faith and made every reasonable effort and then some to assist USTN in fixing their challenging issues. In order to set the record straight and ensure that you have all the facts regarding our relationship with USTN, I have included below a summary of the events over the past 8 ½ months. Please do feel free to share this information with your colleagues and clients.

- Under the terms of our former agreements with USTN at the time of our November 17, 2017 merger with CBS Radio, USTN was obligated to pay Entercom about \$47 million per year in exchange for a large portion of our highly valuable traffic and other short duration inventory.
- In the 8 1/2 months that have elapsed since our merger with CBS Radio, USTN has paid us a grand total of just \$3 million out of the \$33 million we were originally entitled to under our former agreements. As a result of this, and factoring in unpaid accounts receivable due to Entercom as of closing the CBS

Radio merger, we have taken a financial hit of greater than \$35 million over that time period, significantly impacting our earnings and our cash flow.

- We were told by management at USTN and GTN (USTN's parent company at the time of our merger with CBS Radio) that USTN had significant financial challenges that precluded them from paying us.
- Nonetheless, we spent months working tirelessly, constructively, patiently and in good faith with GTN and USTN to help solve USTN's significant challenges. We made enormous financial concessions, bending over backwards to be supportive of USTN's efforts to fix their problems.
 - Initially, we worked with GTN on finding a solution until they sold the company to USTN's American management for a 'nominal' sum.
 - We then worked collaboratively with USTN management and in April 2018, we agreed to make a number of enormous concessions to give USTN some relief and time to right the ship. At the time of this restructuring, we were owed \$23 million.
 - In this restructuring, we agreed to dramatically reduce the amount that USTN paid us each month. We converted a portion of what they owed us into a minority equity position in USTN, and we converted the remainder into a Senior Secured Debt obligation of USTN which provided USTN with additional time to pay what they owed.
- When it appeared to us that despite our financial concessions, USTN was not making sufficient progress to solve their fundamental problems, we reached an agreement on June 30 to acquire the remainder of the company in exchange for what they owed us plus approximately \$1 million, all subject to our due diligence.
- What we found during our diligence review was unsatisfactory. We were disappointed to find that their financial condition and projected performance fell significantly short of what we had been led to believe. In addition, USTN management had fallen short on a number of other objectives in their turnaround plans and we first learned about a number of contingent liabilities.
- Based on our diligence, we informed USTN management that we were exercising our contractual rights and would not be completing the merger.
- USTN then filed a lawsuit against Entercom which is baseless, frivolous and insulting and attempts to blame Entercom for USTN's financial problems and make us look like the bad guys.
- On July 24, 2018, USTN failed to pay us \$1.3 million which was then due under our revised agreement for the June broadcast month.
- On July 31, 2018, USTN failed to pay us \$5 million which was then due under our senior secured note.
- The facts are clear:
 - Entercom has received only \$3 million out of the original \$33 million due under the agreements in place at the closing of the CBS Radio merger.
 - Entercom did not create this problem; USTN did.

- Entercom has bent over backwards to work constructively and patiently with USTN to help them fix their problems. We have made enormous financial concessions to help them.
- And yet USTN still has not demonstrated that they are able to make ends meet, failing to make their required payments to Entercom for June and failing to make a \$5 million required payment on their restructured debt to Entercom.
- USTN management can conjure up a ridiculous lawsuit and engage in name-calling, but it can't change the facts or the truth of what has occurred here. USTN has failed to meet its obligations over many months.
- Entercom has acted with great restraint for many months, but we cannot continue to invest our time, resources and capital in a business that has been unable to fix its own problems.

We have moved on and are glad to be in control of our own destiny with our valuable traffic inventory, but given the ridiculous allegations by USTN, I wanted to make sure you were fully familiar with the facts and understood that we have acted ethically and responsibly throughout this painful situation.

David

INTERNAL