



**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.

Blank lines for providing Internal Revenue Code section(s) and subsection(s).

18 Can any resulting loss be recognized? ▶ See Attached.

Blank lines for providing information regarding resulting loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See Attached.

Blank lines for providing other information necessary to implement the adjustment.

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.

Sign Here Signature ▶ *Scott T. Bick* Date ▶ March 16, 2017

Print your name ▶ Scott T. Bick Title ▶ Sr. Vice President

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

**iHeartCommunications, Inc.**  
**FEIN: 74-1787539**

**Attachment to Form 8937**  
**Report of Organizational Actions Affecting Basis of Securities**  
**Exchange of new 11.25% Priority Guarantee Notes due 2021 (CUSIP #s 45174HAF4; 45174HAG2; U45057AC7) for outstanding 10.0% Senior Notes due 2018 (CUSIP # 184502BT8)**

**Part II, Line 14**

On February 7, 2017, iHeartCommunications, Inc. (“iHeartCommunications”) issued new 11.25% Priority Guarantee Notes due 2021 of iHeartCommunications (the “New Notes”) in exchange (the “Exchange”) for outstanding 10.0% Senior Notes due 2018 of iHeartCommunications (the “Outstanding Notes”).

Holders of Outstanding Notes who agreed to the Exchange on or prior to the Early Tender Date received \$1,000 of New Notes for each \$1,000 of Outstanding Notes tendered. Holders of Outstanding Notes who agreed to the Exchange after the Early Tender Date received \$970 of New Notes for each \$1,000 of Outstanding Notes tendered.

It is expected that the New Notes issued on the Settlement Date will be treated as a separate issue from the existing 11.25% Priority Guarantee Notes for U.S. federal income tax purposes. As a result, such New Notes will not be fungible with the existing 11.25% Priority Guarantee Notes. Accordingly, the New Notes will bear a separate CUSIP number and will trade as a separate tranche.

**Part II, Line 15**

Under U.S. federal income tax law, the exchange of New Notes for Outstanding Notes results in an exchange under Section 1001 of the Code on which taxable gain or loss may be realized if the Exchange constitutes a significant modification of the terms of the Outstanding Notes. We believe, and the rest of this discussion assumes, that the Exchange will constitute a significant modification of the terms of the Outstanding Notes under the applicable Treasury regulations, and, as a result, you will realize (but, subject to the recapitalization rules discussed below, not necessarily recognize) gain or loss (if any) for U.S. federal income tax purposes upon the exchange.

Assuming there was a significant modification, the amount of gain or loss realized by a U.S. Holder would be equal to the difference (if any) between the amount realized by such holder on the Exchange (other than cash received in respect of accrued and unpaid interest on the Outstanding Notes, which will be recognized as ordinary interest income to the extent not previously included in gross income) and the holder’s adjusted basis in the Outstanding Notes exchanged. The amount realized by a holder in respect of Outstanding Notes should be equal to the issue price of the New Notes received by such holder (as described below).

The treatment of any gain or loss realized upon the exchange will depend on whether the Exchange constitutes a recapitalization within the meaning of Section 368(a)(1)(E) of the Code and the Treasury regulations thereunder, as discussed below.

**Recapitalization.** While significant uncertainty exists, we intend to take the position that the New Notes do not qualify as “securities” for U.S. federal income tax purposes, and, accordingly, that the Exchange should not be treated as made pursuant to a recapitalization for U.S. federal income tax purposes.

Assuming the Exchange is not treated as a recapitalization for U.S. federal income tax purposes (because either the Outstanding Notes or the New Notes are not deemed securities for U.S. federal income tax purposes), a holder will recognize any realized gain or loss at the time of the Exchange. The amount realized with respect to the New Notes will be the issue price of the New Notes (discussed below).

If the Exchange qualifies as a recapitalization, a U.S. Holder of Outstanding Notes should not recognize any gain or loss realized on the recapitalization (subject to the treatment of accrued but unpaid interest discussed below). If recapitalization treatment applies, a U.S. Holder's initial tax basis in the New Notes received in exchange for Outstanding Notes would be the same as such holder's adjusted tax basis in the Outstanding Notes immediately prior to the exchange.

Holders of Outstanding Notes that participate in the Exchange should consult their tax advisors to determine the tax consequences of the Exchange to them.

#### **Part II, Line 16**

Assuming the Exchange is not treated as a recapitalization for U.S. federal income tax purposes (because either the Outstanding Notes or the New Notes are not deemed securities for U.S. federal income tax purposes), a holder will recognize any realized gain or loss at the time of such exchange. The amount realized with respect to the New Notes will be the issue price of the New Notes (discussed below).

If the Exchange qualifies as a recapitalization, a U.S. Holder of Outstanding Notes should not recognize any gain or loss realized on the recapitalization (subject to the treatment of accrued but unpaid interest). If recapitalization treatment applies, a U.S. Holder's initial tax basis in the New Notes received in exchange for Outstanding Notes would be the same as such holder's adjusted tax basis in the Outstanding Notes immediately prior to the Exchange.

Solely for U.S. federal income tax purposes, iHeartCommunications has determined that (i) the 11.25% Priority Guarantee Notes due 2021 are "traded on an established market" within the meaning of section 1.1273-2(f) of the Treasury Regulations, and (ii) the "issue price" of the facility within the meaning of section 1.1273-2(b) of the Treasury Regulations is \$823.13 per \$1,000 face amount of the notes.

Holders of the Outstanding Notes that participate in the Exchange should consult their tax advisors to determine the tax consequences of the Exchange to them.

#### **Part II, Line 17**

Sections 354, 356, 358, 1001 and 1012.

#### **Part II, Line 18**

The Exchange generally should not result in a loss to holders of the Outstanding Notes to the extent the Exchange is a tax-free recapitalization.

The Exchange may result in a loss to a holder to the extent such holder's tax basis in the Outstanding Note exceeds the fair market value of the New Notes received in the Exchange.

#### **Part II, Line 19**

The reportable taxable year is 2017.