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CAUSE NO 2016CI21289

IHEARTCOMMUNICATIONS, INC., f/k/a CLEAR CHANNEL COMMUNICATIONS, INC., AMFM BROADCASTING, INC., AMFM OPERATING INC., CITICASTERS LICENSES, INC., CAPSTAR RADIO OPERATING COMPANY, CC BROADCAST HOLDINGS, INC., CHRISTAL RADIO SALES, INC., CINE GURANTORS II, INC., CITICASTERS CO., CLEAR CHANNEL BROADCASTING LICENSES, INC., IHEARTMEDIA+ENTERTAINMENT, INC., IHM IDENTITY, INC., CLEAR CHANNEL HOLDINGS, INC., CLEAR CHANNEL INVESTMENTS, INC., IHEARTMEDIA MANAGEMENT SERVICES, INC., CLEAR CHANNEL MEXICO HOLDINGS, INC., CRITICAL MASS MEDIA, INC., KATZ COMMUNICATIONS, INC., KATZ MEDIA GROUP, INC., KATZ MILLENNIUM SALES & MARKETING INC., KATZ NET RADIO SALES, INC., M STREET CORPORATION, PREMIERE NETWORKS, INC., TERRESTRIAL RF LICENSING, INC., CC LICENSES, LLC, CLEAR CHANNEL REAL ESTATE, LLC, AMFM BROADCASTING LICENSES, LLC, AMFM RADIO LICENSES, LLC, AMFM TEXAS, LLC, AMFM TEXAS BROADCASTING, LP, AMFM TEXAS LICENSES, LLC, CAPSTAR TX, LLC, CC FINCO HOLDINGS, LLC, CLEAR CHANNEL METRO, LLC, TTWN NETWORKS, LLC, TTWN MEDIA NETWORKS, LLC, Plaintiffs, v. THE BANK OF NEW YORK N/K/A THE BANK OF NEW YORK MELLON CORPORATION, Defendant.	**IN THE DISTRICT COURT OF** **BEXAR COUNTY, TEXAS** 57th **JUDICIAL DISTRICT**

PETITION FOR DECLARATORY JUDGMENT

1. Plaintiff iHeartCommunications, Inc., formerly known as Clear Channel Communications, Inc. ("iHeart" or the "Company"), is a leading media company based in San Antonio that owns more than 850 radio stations throughout the country. iHeart also operates an outdoor advertising business through its subsidiary, Clear Channel Outdoor Holdings, Inc.

2. iHeart's capital structure includes several different categories of debt. Some of iHeart's debt was incurred in connection with a 2008 leveraged buyout transaction (the "LBO") in which iHeart was acquired by investment funds sponsored by two private equity firms. Some of iHeart's debt was incurred before the LBO, and some of iHeart's debt was incurred after the LBO. In total, iHeart and its subsidiaries are financed by more than $20 billion in debt.

3. iHeart's various categories of debt have different (and sometimes conflicting) economic interests. As a result, today, iHeart finds itself facing competing and mutually exclusive demands from different categories of stakeholders. iHeart has an outstanding series of bonds, known as the 2016 Legacy Notes (defined below), which have a scheduled maturity of December 15, 2016. If all of the 2016 Legacy Notes were repaid at maturity, then the total amount of all outstanding Legacy Notes would drop below $500 million. Under certain of iHeart's loan agreements, that would trigger a "springing lien" under which certain (but not all) of iHeart's debtholders would obtain additional collateral in assets of iHeart and many of its subsidiaries, including the Guarantor Plaintiffs (defined below), to secure their loans.

4. This situation places iHeart between the proverbial rock and a hard place: iHeart debtholders who would obtain the additional collateral have demanded that the springing lien be triggered. By contrast, iHeart debtholders who would not obtain the additional collateral have demanded that the springing lien not be triggered. iHeart therefore finds itself in a position where it likely faces litigation no matter what action it takes.

5. Given the competing interests involved, on or about October 5, 2016, the iHeart Board of Directors voted to establish a special committee of independent directors (the "Independent Special Committee") who have no financial interest in the springing lien. On or about December 9, 2016, the Special Committee decided that it would be in the best interests of the Company and its stakeholders, and that the Company had the ability under its debt documents, to preserve the status quo. The Special Committee therefore decided that the Company would not repay at maturity approximately $57 million in 2016 Legacy Notes (the "Outstanding 2016 Legacy Notes"). As a result, more than $500 million of Legacy Notes remain outstanding (and will remain outstanding after December 15, 2016, when iHeart pays off the rest of the 2016 Legacy Notes). Therefore, under the relevant debt documents, the springing lien will not occur at this time.

6. iHeart hereby seeks a declaration that, under the relevant debt documents, the Outstanding 2016 Legacy Notes will remain outstanding until they are canceled or repaid. iHeart additionally seeks a declaration that it has not granted, and has no obligation to grant, any of its debtholders the springing lien on any of its assets. Confirming that the status quo has been preserved will provide critical market certainty.[1]

I.

PARTIES

7. Plaintiff iHeartCommunications, Inc. is a Texas corporation with its corporate headquarters and principal place of business in San Antonio, Texas.

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[1] iHeart has named as Defendant the Trustee who is assigned the powers and obligations to represent the interests of some of iHeart's creditors under the contracts governing that debt. iHeart does not contend that Defendant has committed any misconduct, but iHeart has named it as Defendant because, under the relevant debt agreement, it can pursue remedies against iHeart on behalf of the creditors for whom they serve as Trustee.

8. Plaintiff AMFM Broadcasting, Inc. is a Delaware corporation with its principal place of business in San Antonio, Texas. AMFM Broadcasting, Inc. is an indirect, wholly owned subsidiary of iHeart.

9. Plaintiff AMFM Operating Inc. is a Delaware corporation with its principal place of business in San Antonio, Texas. AMFM Operating Inc. is an indirect, wholly owned subsidiary of iHeart.

10. Plaintiff Citicasters Licenses, Inc. is a Texas corporation with its principal place of business in San Antonio, Texas. Citicasters Licenses, Inc. is an indirect, wholly owned subsidiary of iHeart.

11. Plaintiff Capstar Radio Operating Company is a Delaware corporation with its principal place of business in San Antonio, Texas. Capstar Radio Operating Company is an indirect, wholly owned subsidiary of iHeart.

12. Plaintiff CC Broadcast Holdings, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. CC Broadcast Holdings, Inc. is an indirect, wholly owned subsidiary of iHeart.

13. Plaintiff Christal Radio Sales, Inc. is a Delaware corporation with its principal place of business in San Antonio, Texas. Christal Radio Sales, Inc. is an indirect, wholly owned subsidiary of iHeart.

14. Plaintiff Cine Guarantors II, Inc. is a California corporation with its principal place of business in San Antonio, Texas. Cine Guarantors II, Inc. is an indirect, wholly owned subsidiary of iHeart.

15. Plaintiff Citicasters Co. is an Ohio Corporation with its principal place of business in San Antonio, Texas. Citicasters Co. is an indirect, wholly owned subsidiary of iHeart.

16. Plaintiff Clear Channel Broadcasting Licenses, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. Clear Channel Broadcasting Licenses, Inc. is an indirect, wholly owned subsidiary of iHeart.

17. Plaintiff iHeartMedia+Entertainment, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. iHeartMedia+Entertainment, Inc. is an indirect, wholly owned subsidiary of iHeart.

18. Plaintiff iHM Identity, Inc. is a Texas corporation with its principal place of business in San Antonio, Texas. iHM Identity, Inc. is a wholly owned subsidiary of iHeart.

19. Plaintiff Clear Channel Holdings, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. Clear Channel Holdings, Inc. is a wholly owned subsidiary of iHeart.

20. Plaintiff Clear Channel Investments, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. Clear Channel Investments, Inc. is a wholly owned subsidiary of iHeart.

21. Plaintiff iHeartMedia Management Services, Inc. is a Texas corporation with its principal place of business in San Antonio, Texas. iHeartMedia Management Services, Inc. is a wholly owned subsidiary of iHeart.

22. Plaintiff Clear Channel Mexico Holdings, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. Clear Channel Mexico Holdings, Inc. is an indirect, wholly owned subsidiary of iHeart.

23. Plaintiff Critical Mass Media, Inc. is an Ohio corporation with its principal place of business in San Antonio, Texas. Critical Mass Media, Inc. is an indirect, wholly owned subsidiary of iHeart.

24. Plaintiff Katz Communications, Inc. is a Delaware corporation with its principal place of business in New York, New York. Katz Communications, Inc. is an indirect, wholly owned subsidiary of iHeart.

25. Plaintiff Katz Media Group, Inc. is a Delaware corporation with its principal place of business in New York, New York. Katz Media Group, Inc. is an indirect, wholly owned subsidiary of iHeart.

26. Plaintiff Katz Millennium Sales & Marketing Inc. is a Delaware corporation with its principal place of business in New York, New York. Katz Millennium Sales & Marketing Inc. is an indirect, wholly owned subsidiary of iHeart.

27. Plaintiff Katz Net Radio Sales, Inc. is a Delaware corporation with its principal place of business in New York, New York. Katz Net Radio Sales, Inc. is an indirect, wholly owned subsidiary of iHeart.

28. Plaintiff M Street Corporation is a Washington corporation with its principal place of business in San Antonio, Texas. M Street Corporation is an indirect, wholly owned subsidiary of iHeart.

29. Plaintiff Premiere Networks, Inc. is a Delaware corporation with its principal place of business in San Antonio, Texas. Premiere Networks, Inc. is an indirect, wholly owned subsidiary of iHeart.

30. Plaintiff Terrestrial RF Licensing, Inc. is a Nevada corporation with its principal place of business in San Antonio, Texas. Terrestrial RF Licensing, Inc. is an indirect, wholly owned subsidiary of iHeart.

31. Plaintiff CC Licenses, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. CC Licenses, LLC is an indirect, wholly owned subsidiary of iHeart.

32. Plaintiff Clear Channel Real Estate, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. Clear Channel Real Estate, LLC is an indirect, wholly owned subsidiary of iHeart.

33. Plaintiff AMFM Broadcasting Licenses, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. AMFM Broadcasting Licenses, LLC is an indirect, wholly owned subsidiary of iHeart.

34. Plaintiff AMFM Radio Licenses, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. AMFM Radio Licenses, LLC is an indirect, wholly owned subsidiary of iHeart.

35. Plaintiff AMFM Texas, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. AMFM Texas, LLC is an indirect, wholly owned subsidiary of iHeart.

36. Plaintiff AMFM Texas Broadcasting, LP is a Delaware limited partnership with its principal place of business in San Antonio, Texas. AMFM Texas Broadcasting, LP is an indirect, wholly owned subsidiary of iHeart.

37. Plaintiff AMFM Texas Licenses, LLC is a Texas limited liability company with its principal place of business in San Antonio, Texas. AMFM Texas Licenses, LLC is an indirect, wholly owned subsidiary of iHeart.

38. Plaintiff Capstar TX, LLC is a Texas limited liability company with its principal place of business in San Antonio, Texas. Capstar TX, LLC is an indirect, wholly owned subsidiary of iHeart.

39. Plaintiff CC Finco Holdings, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. CC Finco Holdings, LLC is a wholly owned subsidiary of iHeart.

40. Plaintiff Clear Channel Metro, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. Clear Channel Metro, LLC is a wholly owned subsidiary of iHeart.

41. Plaintiff TTWN Networks, LLC is a Delaware limited liability company with its principal place of business in San Antonio, Texas. TTWN Networks, LLC is an indirect, wholly owned subsidiary of iHeart.

42. Plaintiff TTWN Media Networks, LLC is a Maryland limited liability company with its principal place of business in San Antonio, Texas. TTWN Media Networks, LLC is an indirect, wholly owned subsidiary of iHeart.

43. The Plaintiffs named in paragraphs 8- 42 are collectively referred to as the "Guarantor Plaintiffs." The Guarantor Plaintiffs are guarantors under each of the Priority Guarantee Note Indentures and the Credit Agreement (defined below).

44. Defendant The Bank of New York[2] n/k/a The Bank of New York Mellon Corporation ("BNY Mellon") is the trustee for three series of Legacy Notes that are outstanding as of the date of this Petition: (a) the 5.5% Senior Notes due 2016 ("2016 Legacy Notes"); (b)

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[2] The Bank of New York was a party to the Legacy Notes Indenture. Because of an intervening corporate merger, the current Trustee is now known as The Bank of New York Mellon Corporation.

the 6.875% Senior Notes due 2018 ("2018 Legacy Notes"); and (c) the 7.25% Senior Notes due 2027 ("2027 Legacy Notes"). Each series of the Legacy Notes was issued pursuant to a Senior Indenture (dated October 1, 1997) (the "Legacy Notes Indenture") . BNY Mellon is a New York state chartered bank, with its main office and principal place of business in New York, New York. Notice under the Senior Indenture is to be provided to BNY Mellon's office in New York, New York. *See Legacy Notes Indenture* § 105.[3] BNY Mellon has offices in Texas and may be served at 225 Liberty Street, New York, New York 10286.

II.

JURISDICTION AND VENUE

45. The Court has personal jurisdiction over Defendant pursuant to the Texas long-arm statute, Tex. Civ. Prac. & Rem. Code § 17.041 *et seq*. Defendant has engaged in significant contacts with Texas, and has purposefully availed itself of the privilege of doing business in Texas, by agreeing to serve as Trustee for debt issued by a Texas corporation.

46. Venue is proper in Bexar County, Texas, pursuant to Texas Civil Practice & Remedies Code § 15.002(a), because all or a substantial part of the facts giving rise to Plaintiffs' claims occurred in Bexar County, Texas, where iHeart is headquartered.

III.

DISCOVERY LEVEL

47. Pursuant to Rule 190.4 of the Texas Rules of Civil Procedure, Plaintiffs intend to conduct discovery under Level 3.

IV.

NATURE OF THE CASE

[3] *See* Exhibit 4.2 to Clear Channel Communications, Inc.'s September 30, 1997 Form 10-Q (https://www.sec.gov/Archives/edgar/data/739708/0000739708-97-000022.txt).

I. The Relevant Series Of Debt

48. Three categories of iHeart's debt are at issue in this action. *First*, iHeart's Term Loans were incurred in conjunction with the LBO. *Second*, iHeart's Priority Guarantee Notes ("PGNs") were issued in five separate series, each year from 2011 through 2015. *Third*, iHeart has a series of debt obligations predating the LBO that are known as "Legacy Notes." Holders of these three types of debt are herein called the "Existing Notes Condition Creditors." iHeart and its subsidiaries also have billions of dollars in other debt.

49. iHeart's Term Loans are governed by a Credit Agreement dated May 13, 2008, which was amended and restated on February 23, 2011, and was subsequently amended several times (the "Credit Agreement").[4] The Guarantor Plaintiffs are guarantors under the Credit Agreement.

50. iHeart is the Issuer of five series of PGNs, each of which is governed by a contract called an Indenture (collectively, the "PGN Indentures"): (a) the 9% Priority Guarantee Notes due in 2019; (b) the 9% Priority Guarantee Notes due in 2021; (c) the 11.25% Priority Guarantee Notes due in 2021; (d) the 9% Priority Guarantee Notes due in 2022; and (e) the 10.625% Priority Guarantee Notes due in 2023.[5] iHeart issued one series of PGNs each year,

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[4] *See* Exhibit 10.1 to Clear Channel Communications, Inc.'s February 24, 2011 Form 8-K (https://www.sec.gov/Archives/edgar/data/739708/000119312511045599/dex101.htm).

[5] Citations to the PGN Indentures are to the Indenture dated February 26, 2015, for the 10.625% Priority Guarantee Notes due in 2023. *See supra* note 2. The cited provisions are substantively identical in each of the PGN Indentures. The other PGN Indentures are available online. *See* https://www.sec.gov/Archives/edgar/data/739708/000119312512435679/d430045dex41.htm (Indenture for 9% Priority Guarantee Notes due in 2019); https://www.sec.gov/Archives/edgar/data/739708/000119312511045599/dex41.htm (Indenture for 9% Priority Guarantee Notes due in 2021); https://www.sec.gov/Archives/edgar/data/739708/000119312513085024/d494377dex41.htm (Indenture for 11.25% Priority Guarantee Notes due in 2021);

from 2011 through 2015. The Guarantor Plaintiffs are guarantors under each of the PGN Indentures.

51. iHeart's debt obligations that predate the LBO are called the "Legacy Notes." There are three series of Legacy Notes that are outstanding as of the date of this Petition: (a) the 5.5% Senior Notes due 2016 ("2016 Legacy Notes"); (b) the 6.875% Senior Notes due 2018 ("2018 Legacy Notes"); and (c) the 7.25% Senior Notes due 2027 ("2027 Legacy Notes").

52. Each series of Legacy Notes was issued pursuant to a Senior Indenture dated October 1, 1997 (the "Legacy Indenture"). The Legacy Indenture sets out the general obligations and rights of iHeart and the Legacy Noteholders, and governs each series of Legacy Notes.

53. Each series of Legacy Notes was further issued pursuant to an additional supplemental indenture or officer certificate. The 2016 Legacy Notes were issued on December 16, 2004, in the amount of $250 million, pursuant to a supplemental indenture. The scheduled maturity date of the 2016 Legacy Notes is December 15, 2016.

54. The 2018 Legacy Notes were issued on June 16, 1998, pursuant to a supplemental indenture. The 2018 Legacy Notes have a total amount outstanding of $175 million and are scheduled to mature June 15, 2018.

55. The 2027 Legacy Notes were issued on October 15, 1997, pursuant to a certificate signed by iHeart's Senior Vice President and Chief Accounting Officer. The 2027 Legacy Notes have a total amount outstanding of $300 million and are scheduled to mature on October 15, 2027.

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https://www.sec.gov/Archives/edgar/data/739708/000119312514337618/d787106dex41.htm (Indenture for 9% Priority Guarantee Notes due in 2022).

II. Contractual Provisions Regarding The Springing Lien

56. The Legacy Indenture, Credit Agreement, and PGN Indentures each have contractual provisions that address the circumstances under which iHeart is obligated to grant the springing lien.

57. The Legacy Noteholders do not have a security interest in any of iHeart's assets, but the Legacy Indenture provides that, under certain circumstances, they are entitled to share in certain security interests provided to other creditors. Specifically, Section 1006 of the Legacy Indenture,[6] entitled "Limitation on Mortgages," limits the ability of iHeart to grant other creditors a security interest or mortgage on specified assets of iHeart and its subsidiaries, referred to in this Petition as the "Springing Lien Collateral": stock or indebtedness in certain iHeart subsidiaries, and certain assets of iHeart's subsidiaries (the Guarantor Plaintiffs) defined as "Principal Property."[7] Under the Legacy Indenture, iHeart cannot grant a security interest (referred to in this Petition as the "Springing Lien") in the Springing Lien Collateral to other creditors such as the PGN noteholders and Credit Agreement lenders (apart from an exception that permits limited security interests) "without in any such case making effective provision whereby all of the [Legacy Notes] Outstanding shall be directly secured equally and ratably with such Debt." Legacy Indenture § 1006.

58. The Term Loans and PGNs do not have a security interest in the Springing Lien Collateral. At the time of the LBO, there were approximately $5 billion of Legacy Notes

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[6] *See* Exhibit 4.2 to Clear Channel Communications, Inc.'s September 30, 1997 Form 10-Q (https://www.sec.gov/Archives/edgar/data/739708/0000739708-97-000022.txt).

[7] Section 1006 has an exception, not relevant here, which allows a security interest in Principal Property so long as that interest, and any other Permitted Mortgage, does not exceed 15% of the total consolidated stockholders' equity of the Company. Any such security interest that has previously been granted is not included in the term "Springing Lien Collateral" as used herein.

outstanding. Rather than seek a security interest in the Springing Lien Collateral in connection with the LBO transaction, which would have resulted in Legacy Noteholders receiving equal and ratable security, the Term Loan Lenders agreed that they would receive the Springing Lien only when there were $500 million or less of the Legacy Notes outstanding (which they defined in the Credit Agreement governing the Term Loans as the "Existing Notes Condition"). When iHeart subsequently issued PGNs during the period from 2011-2015, the PGN Noteholders were placed on similar footing as the Term Loan Lenders.

59. Specifically, the Credit Agreement provides that iHeart shall grant the Springing Lien to the Term Loan Lenders within 60 days of "satisfaction of the Existing Notes Condition." Credit Agreement § 1.01 ("Collateral and Guarantee Requirement" definition). The "Existing Notes Condition" is satisfied upon "the repayment of [Legacy] Notes such that no more than $500,000,000 aggregate principal amount of [Legacy] Notes remains outstanding." *Id.* ("Existing Notes Condition" definition).

60. Similarly, the PGN Indentures require iHeart to grant the Springing Lien to the PGN Noteholders within "60 days after the Springing Lien Trigger Date." PGN Indenture § 4.18(b). The "Springing Lien Trigger Date" occurs when "the aggregate principal amount of the Legacy Notes outstanding is $500,000,000 or less." *Id.* § 1.01 ("Springing Lien Trigger Date" definition).[8]

61. Under these debt contracts, the obligation to grant the Springing Lien to the Term Loan Lenders and PGN Noteholders, which actual grant in turn creates the obligation to grant equal and ratable security to the Legacy Noteholders, is triggered 60 days after the amount of

[8] For simplicity, this Petition uses "Existing Notes Condition" to refer to the condition that triggers the obligation to grant the Springing Lien within 60 days under both the Credit Agreement and the PGN Indentures.

Legacy Notes "outstanding" falls to $500 million or less. The Term Loan Lenders, PGN Noteholders, and Legacy Noteholders are collectively referred to as the "Existing Notes Condition Creditors."

62. If the obligation to grant the Springing Lien is triggered, then iHeart and many of its subsidiaries, including some or all of the Guarantor Plaintiffs, will need to grant additional collateral in their assets to some of iHeart's creditors.

III. The Outstanding 2016 Legacy Notes

63. As of the date of this Petition, December 12, 2016, there are $725 million of Legacy Notes outstanding: $250 million of 2016 Legacy Notes, $175 million of 2018 Legacy Notes, and $300 million of 2027 Legacy Notes.

64. Clear Channel Holdings, Inc. ("CC Holdings"), a wholly owned subsidiary of iHeart, holds $57.1 million of the 2016 Legacy Notes (the "Outstanding 2016 Legacy Notes"). The Outstanding 2016 Legacy Notes were acquired by CC Finco, LLC ("CC Finco"), an indirect, wholly owned subsidiary of iHeart, on or around October 23, 2014, in open market transactions. On or around January 4, 2016, CC Holdings acquired the Outstanding 2016 Legacy Notes from CC Finco.

65. iHeart disclosed CC Finco's acquisition of the Outstanding 2016 Legacy Notes in a Securities and Exchange Commission filing on October 28, 2014, stating: "During the period of October 1, 2014 through October 27, 2014, CC Finco repurchased via open market transactions a total of $57.1 million aggregate principal amount of iHeart's outstanding 5.5% Senior Notes due 2016 for a total purchase price of $55.5 million, including accrued interest.

The notes repurchased by CC Finco were not cancelled and remain outstanding." iHeartCommunications, Inc., SEC Form 10-Q, at 11 (Oct. 28, 2014).[9]

66. The Legacy Note Indenture defines the term "Outstanding" to refer to any securities that were "authenticated and delivered under this Indenture, except: (i) such Securities theretofore canceled by the Trustee . . . ; (ii) such Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent . . . ; and (iii) such Securities in exchange for . . . which other Securities have been authenticated and delivered . . . ." Legacy Indenture § 1.01. The Outstanding 2016 Legacy Notes still have not been cancelled, redeemed, exchanged, or retired. They remain outstanding. From October 2014 through the present, iHeart has continued to make scheduled interest payments on the Outstanding 2016 Legacy Notes to CC Finco and, later, CC Holdings.

67. As noted above, $250 million in 2016 Legacy Notes have a scheduled maturity of December 15, 2016. If iHeart repaid all $250 million of the 2016 Legacy Notes on December 15, 2016, then the amount of Legacy Notes outstanding would decline to $475 million. That would trigger the Existing Notes Condition, such that iHeart would be obligated to grant the Springing Lien to the Existing Notes Condition Creditors within 60 days, or by February 13, 2017.

68. iHeart's creditors have expressed opposing views regarding whether the Springing Lien is required to or should be granted to the Existing Notes Condition Creditors. Some of the Existing Notes Condition Creditors have told iHeart or iHeart's agents that they believe that the Springing Lien must be granted. Some Existing Notes Condition Creditors have suggested that they would sue iHeart if the Springing Lien is not granted within 60 days of December 15, 2016, and indicated that they had retained counsel to bring such a lawsuit.

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[9] *See* https://www.sec.gov/Archives/edgar/data/739708/000073970814000079/10-Q.htm#Note1.

Industry publications likewise have speculated that iHeart would face litigation from creditors if the Existing Notes Condition is not triggered.

69. Some of iHeart's other creditors have expressed the opposite view to iHeart or iHeart's agents, and have asserted that iHeart is permitted to engage in a transaction that would result in the Springing Lien not being granted. At least one such creditor has indicated that it would be damaged if the Springing Lien is granted to the Existing Notes Condition Creditors and has suggested that it would sue iHeart if the Springing Lien is granted. Industry publications likewise have speculated that iHeart would face litigation from creditors if the Springing Lien is granted.

70. Because of the opposing views and the competing interests of iHeart's stakeholders, on or around October 5, 2016, as amended or clarified on December 8, 2016, iHeart's Board of Directors unanimously enacted a resolution creating the Independent Special Committee and granting it sole authority to decide whether to trigger the occurrence of the Existing Notes Condition. The Independent Special Committee is comprised of iHeart directors who have no financial interest in whether the Springing Lien is granted.

71. The Independent Special Committee retained legal and financial advisors and evaluated potential options. On or around December 9, 2016, the Independent Special Committee decided that the Company would not repay at maturity the Outstanding 2016 Legacy Notes, which would have the effect of iHeart not being obligated to grant the Springing Lien. The Independent Special Committee determined that this arrangement would be in the best interests of the Company and its stakeholders.

72. iHeart advised CC Holdings that it will not repay the Outstanding 2016 Legacy Notes on the scheduled maturity of the 2016 Legacy Notes, December 15, 2016, but will

continue to pay interest on those notes. CC Holdings, in turn, advised iHeart that it did not currently intend to pursue remedies in relation to the Outstanding 2016 Legacy Notes. As a result, even after the scheduled maturity of the 2016 Legacy Notes, more than $500 million of Legacy Notes will remain outstanding.

IV. iHeart Has No Obligation To Grant The Springing Lien

73. iHeart has no obligation (and will have no obligation after it pays off the remaining 2016 Legacy Notes on December 15, 2016) to grant the Springing Lien to the Existing Notes Condition Creditors. iHeart's subsidiaries (including the Guarantor Plaintiffs) have no obligation to grant any collateral pursuant to the Springing Lien.

74. Because iHeart will not pay off the Outstanding 2016 Legacy Notes on December 15, 2016, those notes are outstanding (and will remain outstanding after December 15, 2016). They will continue to be held by CC Holdings, until such time as they are repaid or canceled.

75. Under the plain language of the Legacy Note Indentures, the Outstanding 2016 Legacy Notes are outstanding and will remain outstanding until they are paid off in full or canceled. All issued debt that has not been repaid or canceled or exchanged – including debt held by affiliates of the Issuer – remains outstanding.

76. Moreover, for administrative purposes, debt held by iHeart's subsidiaries is and has always been treated as outstanding. The trustee and paying agent of the Legacy Notes maintains records of the notes outstanding and includes the notes held by CC Holdings as outstanding. iHeart pays interest on the notes held by its subsidiaries in the same manner as it does other outstanding notes. The various trustees and agents of iHeart's other debt also treat and have historically treated debt held by iHeart subsidiaries as outstanding. In addition, the

Outstanding 2016 Legacy Notes have been listed as assets on the books and records of iHeart and its subsidiaries, including the financial statements of Finco and CC Holdings.

77. Therefore, after iHeart pays off the remaining 2016 Legacy Notes on December 15, 2016, there will be $532.1 million of Legacy Notes outstanding: the $57.1 million Outstanding 2016 Legacy Notes, $175 million of 2018 Legacy Notes, and $300 million of 2027 Legacy Notes.

78. Because the amount of Legacy Notes outstanding will remain above $500 million, the Existing Notes Condition will not be triggered, and iHeart will have no obligation to grant the Springing Lien to the Existing Notes Condition Creditors.

V. The Current Controversy Surrounding The Springing Lien

79. A live controversy exists regarding whether the Outstanding 2016 Legacy Notes remain outstanding for purposes of determining whether the Existing Notes Condition is met, and whether the Springing Lien must be granted to the Existing Notes Condition Creditors after December 15, 2016.

80. This controversy is imminent, and is not speculative or hypothetical.

81. As Trustee under the Legacy Note Indenture, Defendant has certain powers and obligations to represent the interests of the Legacy Noteholders and under certain circumstances pursue certain remedies regarding the relevant debt documents.

82. This controversy involves Defendant because it will need to know the impact of the decision not to pay off the Outstanding 2016 Legacy Notes upon the contractual provisions governing the Springing Lien in order to carry out its powers and obligations lawfully.

V.

CAUSE OF ACTION

DECLARATORY JUDGMENT

83. Plaintiffs incorporate the allegations of the preceding paragraphs as if the same were fully set forth herein.

84. Pursuant to Texas Civil Practice & Remedies Code § 37.003, Plaintiffs seek a declaratory judgment.

85. An actual, justiciable controversy exists involving Plaintiffs and Defendant.

86. The controversy is a real and substantial controversy involving genuine conflict of tangible interests, and affects the rights and status of the parties.

87. A declaratory judgment would resolve the controversy.

88. The controversy concerns the status of the Outstanding 2016 Legacy Notes and Plaintiffs' obligations with respect to the Springing Lien.

89. This controversy is imminent and requires this Court's resolution.

90. The Outstanding 2016 Legacy Notes are outstanding and will remain outstanding unless and until they are canceled or repaid.

91. Plaintiffs will not be obligated to grant the Springing Lien to the Existing Notes Condition Creditors, unless and until 60 days after there is an additional repayment or cancellation of Legacy Notes such that the amount of Legacy Notes outstanding falls to $500 million or less.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray that the Court:

(a) Declare that the Outstanding Notes are outstanding and will remain outstanding until they are canceled or repaid;