

Dollars in Thousands

**Computation of Emmis Operating Company Pro Forma Total Leverage Ratio Under the Credit Agreement dated June 10, 2014:**

**Numerator:**

Senior credit facility debt outstanding		\$	28,000
Plus: Letters of credit outstanding			-
Less: Unrestricted cash and cash equivalents of the Borrower and its Domestic Subsidiaries, as defined			(9,402)
Total Emmis Operating Company debt outstanding, May 31, 2018			<u>18,598</u>

**Denominator:**

Trailing twelve-months operating income from continuing operations	\$	120,819	\$	120,819
Plus: Depreciation and amortization		3,449		3,449
Plus: Noncash compensation		2,428		2,428
Plus: Impairment loss		265		265
Less: Gain on sale of radio and publishing assets, net of disposition costs		(108,671)		(108,671)
Less: Gain on disposal of property and equipment		(69)		(69)
Less: 49.9% of Austin radio EBITDA (Minority Interest)		(5,454)		(5,454)
Less: 98.7FM LMA LTM EBITDA		(9,158)		(9,158)
Less: LTM EBITDA of Texas Monthly magazine (sold November 1, 2016)		(6)		(6)
Plus: LTM EBITDA losses of Los Angeles, Cincinnati, Atlanta and Orange Coast Magazines (sold February 28, 2017)		71		71
Less: LTM EBITDA of KPWR-FM in Los Angeles (sold August 1, 2017)		(157)		(157)
Less: LTM EBITDA of St. Louis radio stations (sold April 30, 2018)		(2,349)		(2,349)
Plus/Less: Pro forma adjustment for trailing twelve-months operating income of entities disposed (if not already excluded above)		115		115
Plus: LTM EBITDA losses of Digonex, Inc. (Excluded Subsidiary)		1,589		1,589
Plus: LTM EBITDA losses of NextRadio/TagStation (Excluded Subsidiaries)		8,376		8,376
Plus/Less: Other reconciling items as defined in credit agreement		(467)		(467)
Consolidated EBITDA, as defined in the credit agreement	\$	<u>10,781</u>	\$	<u>10,781</u>

Total Leverage Ratio				<u>1.7</u>
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Note: Required Minimum EBITDA, as adjusted for asset sales since April 18, 2017	\$	8,391		
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