Table of Contents

As filed with the Securities and Exchange Commission on October 14, 2005

Registration No. 333-127375

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3
to

Form S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**7312**	**86-0812139**
(State or other jurisdiction of incorporation or organization)	*(Primary standard industrial classification code number)*	*(I.R.S. employer identification number)*

200 East Basse Road
San Antonio, Texas 78209
(210) 832-3700
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Mark P. Mays
Clear Channel Outdoor Holdings, Inc.
200 East Basse Road
San Antonio, Texas 78209
(210) 832-3700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Offering Price(1)(2)	Amount of Registration Fee
Class A Common Stock, $0.01 par value per share	$350,000,000	$41,195(3)

(1) Includes shares to be sold upon exercise of the underwriters' option to purchase additional shares of Class A common stock. See "Underwriting."

(2) Estimated solely for the purpose of calculating the registration fee under Rule 457(a) of the Securities Act of 1933, as amended.

(3) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the commission acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION. DATED OCTOBER 14, 2005.

Shares

Class A Common Stock

This is the initial public offering of shares of Class A common stock of Clear Channel Outdoor Holdings, Inc. All of the shares are being sold by us. We intend to use all of the net proceeds from this offering to repay a portion of the outstanding intercompany indebtedness owed to our parent company, Clear Channel Communications, Inc. See "Use of Proceeds."

Prior to this offering, there has been no public market for the shares of Class A common stock. It is currently estimated that the initial public offering price per share will be between $ and $. We intend to list the shares of Class A common stock on the New York Stock Exchange under the symbol "CCO."

We are an indirect, wholly owned subsidiary of Clear Channel Communications and have two classes of common stock outstanding: Class A common stock and Class B common stock. After this offering, Clear Channel Communications will own all of our outstanding shares of Class B common stock, representing approximately % of the outstanding shares of our common stock and approximately % of the total voting power of our common stock, or approximately % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of Class A common stock. The rights of the Class A common stock and the Class B common stock are substantially similar, except with respect to voting, conversion and transferability. Our Class A common stock and Class B common stock vote as a single class on all matters on which stockholders are entitled to vote, except as otherwise provided in our amended and restated certificate of incorporation or as required by law. Each share of Class A common stock entitles its holder to one vote and each share of Class B common stock entitles its holder to 20 votes.

See "Risk Factors" beginning on page 13 to read about factors you should consider before deciding to invest in shares of our Class A common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

To the extent that the underwriters sell more than shares of Class A common stock, the underwriters have the option to purchase up to an additional shares of Class A common stock from us at the initial public offering price, less the underwriting discount. To the extent the underwriters do not exercise this option in full, we intend to exchange up to additional shares of Class B common stock with Clear Channel Communications for the portion of the intercompany indebtedness owed by us to Clear Channel Communications that the proceeds from the exercise of such option otherwise would have been used to repay.

The underwriters expect to deliver the shares of Class A common stock against payment in New York, New York on , 2005.

Global Coordinator & Senior Bookrunner

Goldman, Sachs & Co.

Joint Bookrunners

Deutsche Bank Securities

JPMorgan

Merrill Lynch & Co.

UBS Investment Bank

Banc of America Securities LLC

Bear, Stearns & Co. Inc.

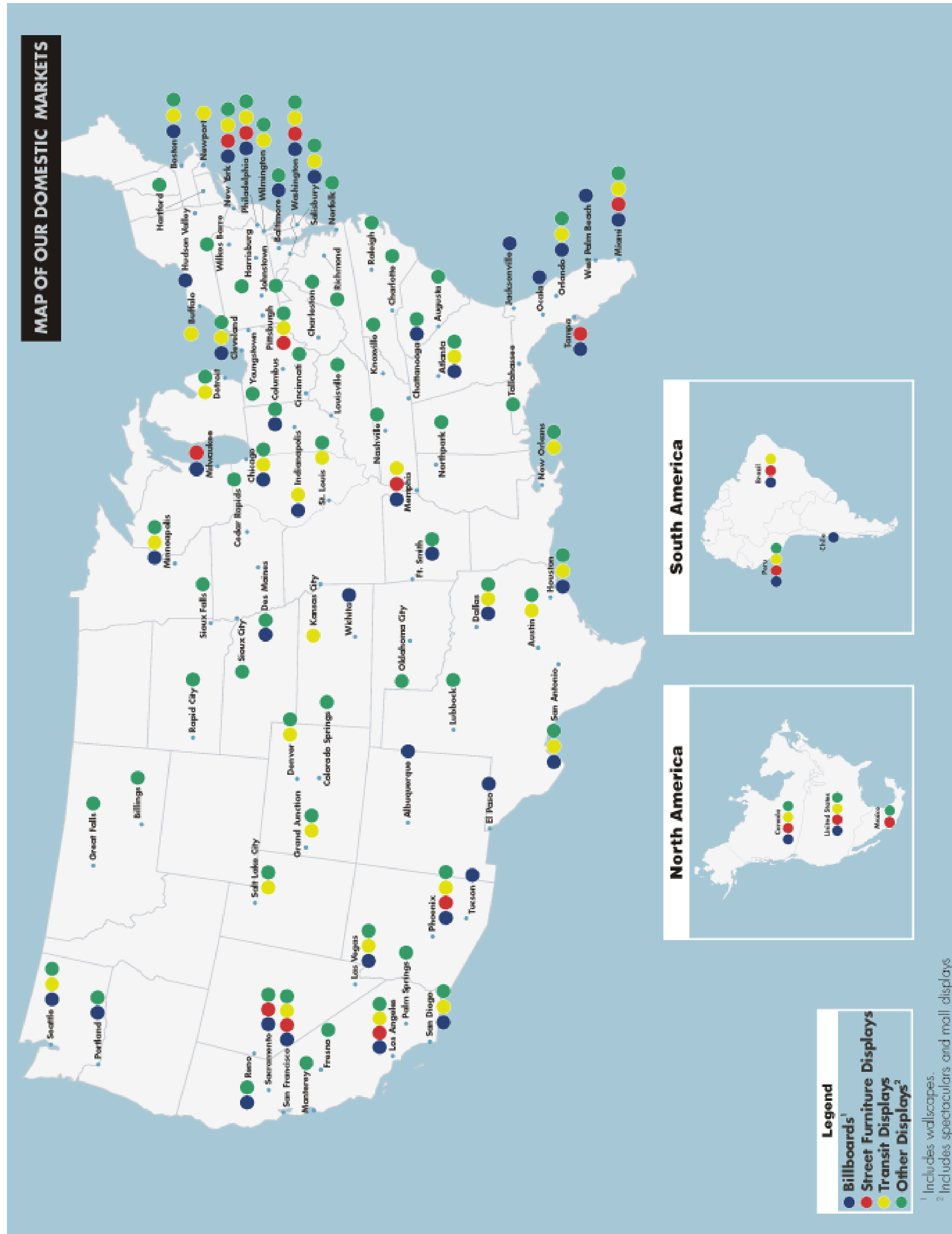
Credit Suisse First Boston

Allen & Company LLC **Barrington Research**

Harris Nesbitt **SunTrust Robinson Humphrey** **Wachovia Securities**

Prospectus dated , 2005.

[Table of Contents](#)



See inside back cover for a map of our international markets.

TABLE OF CONTENTS

	Page
[Prospectus Summary](#)	1
[Risk Factors](#)	13
[Special Note Regarding Forward-Looking Statements](#)	29
[Use of Proceeds](#)	30
[Dividend Policy](#)	31
[Capitalization](#)	31
[Dilution](#)	33
[Unaudited Pro Forma Combined Financial Data](#)	34
[Selected Historical Combined Financial Data](#)	39
[Management's Discussion and Analysis of Financial Condition and Results of Operations](#)	44
[Industry Overview](#)	69
[Business](#)	72
[Management](#)	85

Arrangements Between Clear Channel Communications and Us	101
Principal Stockholder	111
Description of Capital Stock	112
Shares Eligible for Future Sale	119
Description of Indebtedness	121
Material U.S. Federal Tax Considerations for Non-U.S. Holders of Common Stock	122
Underwriting	125
Legal Matters	127
Experts	127
Available Information	128
Index to Financial Statements	F-1
Form of Amended and Restated Certificate of Incorporation	
Form of Amended and Restated Bylaws	
Form of Master Agreement	
Form of Tax Matters Agreement	
Form of Employee Matters Agreement	
First Amendment to Senior Unsecured Term Promissory Note	
Form of 2005 Stock Incentive Plan	
Form of 2006 Annual Incentive Plan	
Subsidiaries of Clear Channel Outdoor Holdings, Inc.	
Form of Consent of Auditor	

We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this prospectus. You must not rely on unauthorized information or representations.

This prospectus does not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so or to any person who can not legally be offered the securities. The information in this prospectus is current only as of the date on its cover and may change after that date.

The information contained in this prospectus contains references to certain trademarks and registered marks. The trademark Adshel™ is owned by us.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and provides an overview of the material aspects of this offering. This summary does not contain all of the information you should consider before deciding to invest in shares of our Class A common stock. You should read this entire prospectus carefully, especially the risks of investing in shares of our Class A common stock discussed under "Risk Factors" beginning on page 13. Except as otherwise noted, we present all financial and operating data on fiscal year and fiscal quarter bases. Our fiscal year ends on December 31 of each year.

Unless the context otherwise requires, references in this prospectus to "Clear Channel Communications" shall mean Clear Channel Communications, Inc. and its combined subsidiaries (other than us).

Prior to the completion of this offering, Clear Channel Communications will, and will cause its affiliates to, transfer to us certain assets related to our business not currently owned by us. We or our subsidiaries will assume and agree to perform, discharge and fulfill certain liabilities related to our business. In this prospectus, the description of our business includes these assets and liabilities as if such assets and liabilities were ours for all historical periods described herein. Our historical financial results as part of Clear Channel Communications may not reflect our financial results in the future as an independent publicly traded company or what our financial results would have been had we operated as an independent publicly traded company during the periods presented.

Our Business

Our principal business is to provide our clients with advertising opportunities through billboards, street furniture displays, transit displays and other out-of-home advertising displays, such as wallscapes, spectaculars and mall displays, that we own or operate in key markets worldwide. As of June 30, 2005, we owned or operated more than 820,000 advertising displays worldwide. For the year ended December 31, 2004, we generated revenues of approximately $2.4 billion, operating income of approximately $243.3 million and operating income before depreciation, amortization and non-cash compensation expense, or OIBDAN, of approximately $631.6 million. Our domestic reporting segment consists of our operations in the United States, Canada and Latin America, with approximately 95% of our 2004 revenues in this segment derived from the United States. Our international reporting segment consists of our operations in Europe, Australia, Asia and Africa, with approximately 52% of our 2004 revenues in this segment derived from France and the United Kingdom. Approximately 89% of our total 2004 operating income excluding corporate expenses was derived from our domestic segment and approximately 11% was derived from our international segment. Approximately 66% of our total 2004 OIBDAN excluding corporate expenses was derived from our domestic segment and approximately 34% was derived from our international segment. See "— Summary Historical and Pro Forma Combined Financial Data — Non-GAAP Financial Measure" for an explanation of OIBDAN and a reconciliation of OIBDAN to operating income (loss). Additionally, we own equity interests in various out-of-home advertising companies worldwide, which we account for under the equity method of accounting.

Billboard displays are bulletin and poster advertising panels of various sizes that generally are mounted on structures we own. We believe that many of our billboards are strategically located to offer maximum visual impact to audiences. Larger billboards generally are located along major highways and freeways to target vehicular traffic. Smaller billboards generally are located on city streets to target both vehicular and pedestrian traffic.

Street furniture displays, marketed under our global Adshel™ brand, are advertising surfaces on bus shelters, information kiosks, public toilets, freestanding units and other public structures. Generally, we own the street furniture structures and are responsible for their construction and maintenance. Contracts for the right to place our street furniture structures in the public domain and sell advertising space on them are awarded by municipal and transit authorities in competitive bidding processes. We believe that street furniture is growing in popularity with municipal and transit authorities, especially in international and larger U.S. markets.

Transit displays are advertising surfaces on various types of vehicles or within transit systems, including on the interior and exterior sides of buses, trains, trams and taxis and within the common areas of rail stations and airports. Contracts for the right to place our displays on vehicles or within transit systems and sell advertising space on them are awarded by public transit authorities in competitive bidding processes or are negotiated with private transit operators.

We generate revenues worldwide from local, regional and national sales. Advertising rates generally are based on the "gross rating points," or total number of impressions delivered expressed as a percentage of a market population, of a display or group of displays. The number of "impressions" delivered by a display is measured by the number of people passing the site during a defined period of time and, in some international markets, is weighted to account for such factors as illumination, proximity to other displays and the speed and viewing angle of approaching traffic. While price and availability of displays are important competitive factors, we believe that providing quality customer service and establishing strong client relationships are also critical components of sales.

Our Competitive Strengths

We believe our key competitive strengths are as follows:

- We believe that our presence in key markets gives our clients the ability to reach a global audience through one advertising provider.
- We have long-standing relationships with a diversified group of local, regional and national advertising brands and agencies in the United States and worldwide. No single advertiser accounted for more than 2% of our 2004 domestic or international revenues.
- Our high levels of cash flow from operations provide us with strategic and financial flexibility and will position us to opportunistically pursue attractive acquisitions and investments.
- We believe that we are well-positioned to take advantage of significant technological advances and the corresponding improvements in advertisers' abilities to present engaging campaigns to their target audiences.
- Our senior management team has extensive experience in the outdoor advertising industry.
- We believe that our financial strength and flexibility, our existing presence in key markets worldwide and our experienced senior management team position us well to capitalize on emerging acquisition and investment opportunities in the global industry.

See "Business — Our Competitive Strengths."

Our Strategy

Our fundamental goal is to increase stockholder value by maximizing our cash flow from operations worldwide. Accomplishing this goal requires the successful implementation of the following strategies:

- We seek to capitalize on our global network and diversified product mix to maximize revenues, increase profits and launch new products and initiatives.
- We seek to enhance revenue opportunities by focusing on specific initiatives that highlight the value of outdoor advertising relative to other media.
- We continue to focus on achieving operating efficiencies throughout our global network.
- We have made significant commitments to provide innovative services to and enhance our accountability with our clients.
- We intend to strengthen our existing market presence and selectively enter into new markets through acquisitions and investments worldwide.
- We offer our clients alternative displays that incorporate new cost-effective technologies.

- We maintain an entrepreneurial and customer-oriented culture that motivates local market managers to maximize our cash flow from operations.

See "Business — Our Strategy."

Our Risks

We face a number of risks associated with our business and industry and must overcome a variety of challenges in implementing our operating strategy in order to be successful. For instance:

- Our past operating results have been negatively affected by, among other things, a global economic slowdown and a decline in our clients' advertising budgets, resulting in our incurring net losses in each of 2002, 2003 and 2004 and an accrued retained deficit.
- The outdoor advertising industry is highly competitive. Our properties compete for audiences and advertising revenues with other outdoor advertising companies, as well as with other media.
- We are subject to U.S. and foreign government regulation. Regulations regarding permitting, nonconformance and taxes and the size, spacing, density and lighting of displays may restrict our outdoor advertising operations.
- After this offering, our total indebtedness for borrowed money will be approximately $, approximately $2.5 billion of which will be intercompany indebtedness owed to Clear Channel Communications. If our cash flow and capital resources are insufficient to service our debt obligations, a default under any debt instrument could materially impair our financial condition and liquidity. In addition, our debt instruments may include restrictive covenants that limit our ability to refinance debt, sell assets or obtain additional equity capital.
- We have not previously operated as an independent publicly traded company and our historical and pro forma combined financial information is not necessarily representative of the results we may achieve and it is difficult to predict our future success.
- After this offering and for so long as Clear Channel Communications continues to own more than 50% of the total voting power of our common stock, it will have the ability to direct the election of our board of directors, exercise control over our business and affairs and significantly influence the outcome of matters submitted to a vote of our stockholders.
- We derive benefits from our association with Clear Channel Communications. If Clear Channel Communications were to experience financial difficulty or if we were to separate from Clear Channel Communications in the future, our business could be materially adversely affected. In addition, conflicts of interest may arise between Clear Channel Communications and us relating to our past and ongoing relationships.

For further discussion of these challenges and other risks that we face, see "Risk Factors."

Our Relationship with Clear Channel Communications

We are an indirect, wholly owned subsidiary of Clear Channel Communications, Inc. After this offering, Clear Channel Communications will own all of our outstanding shares of Class B common stock, representing approximately % of the outstanding shares of our common stock and approximately % of the total voting power of our common stock, or approximately % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of Class A common stock. For as long as Clear Channel Communications is the owner of such number of shares representing more than 50% of the total voting power of our common stock, it will have the ability to direct the election of all of the members of our board of directors and to exercise a controlling influence over our business and affairs, including any determination with respect to mergers or other business combinations involving us, the acquisition or disposition of assets by us, the incurrence of indebtedness by us, the issuance of any additional common stock or other equity securities by us, the repurchase or redemption of common stock

or preferred stock by us and the payment of dividends by us. Similarly, Clear Channel Communications will have the power to determine or significantly influence the outcome of matters submitted to a vote of our stockholders, including the power to prevent an acquisition or any other change in control of us, and to take other actions that might be favorable to Clear Channel Communications. See "Description of Capital Stock."

Clear Channel Communications has advised us that its current intent is to continue to hold all the shares of our Class B common stock it owns after this offering. However, Clear Channel Communications is not subject to any contractual obligation that would prohibit it from selling, spinning off, splitting off or otherwise disposing of any shares of our common stock, except that Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any shares of our common stock for a period of days after the date of this prospectus without the prior written consent of the underwriters, subject to certain limitations and limited exceptions. As a result, there can be no assurance concerning the period of time during which Clear Channel Communications will maintain its ownership of the shares of our Class B common stock owned by it after this offering. See "Underwriting."

Prior to the completion of this offering, we will enter into agreements with Clear Channel Communications that will govern the relationship between Clear Channel Communications and us after this offering and will provide for, among other things, the provision of services by Clear Channel Communications to us and the allocation of employee benefit, tax and other liabilities and obligations attributable to our operations. These agreements will include, among others, a master agreement, corporate services agreement, registration rights agreement, tax matters agreement and employee matters agreement. All of the agreements relating to our ongoing relationship with Clear Channel Communications will be made in the context of a parent-subsidiary relationship and the terms of these agreements may be more or less favorable to us than if they had been negotiated with unaffiliated third parties. See "Risk Factors — Risks Related to Our Relationship with Clear Channel Communications" and "Arrangements Between Clear Channel Communications and Us."

After this offering and the application of all of the net proceeds from this offering to repay a portion of the intercompany indebtedness owed to Clear Channel Communications, we will have outstanding indebtedness of approximately $, approximately $2.5 billion of which will be intercompany indebtedness owed to Clear Channel Communications. See "Use of Proceeds" and "Description of Indebtedness."

The master agreement between Clear Channel Communications and us and the note evidencing the $2.5 billion intercompany indebtedness each contain covenants that restrict our ability to take certain actions and engage in certain transactions. See "Risk Factors — Risks Related to Our Business." Certain of the restrictive covenants in these agreements may continue in force later than the time when Clear Channel Communications owns less than 50% of the total voting power of our common stock.

After this offering, certain individuals will be officers and directors of both Clear Channel Communications and us. In addition, because Clear Channel Communications will continue to own more than 50% of the total voting power of our common stock after this offering, we will be a "controlled company" under the New York Stock Exchange corporate governance standards. As a result of this status, we intend to utilize certain exemptions under the NYSE standards that free us from the obligation to comply with certain NYSE corporate governance requirements, which may include the requirements (i) that a majority of the board of directors consists of independent directors, (ii) that we have a nominating and governance committee, and that such committee be composed entirely of independent directors and governed by a written charter addressing the committee's purpose and responsibilities, (iii) that we have a compensation committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (iv) for an annual performance

evaluation of the compensation committee. See “Risk Factors — Risks Related to Our Relationship with Clear Channel Communications” and “Arrangements Between Clear Channel Communications and Us.”

For a description of certain provisions of our amended and restated certificate of incorporation concerning the allocation of business opportunities that may be suitable for both Clear Channel Communications and us, see “Description of Capital Stock.”

Our Corporate Structure

Our principal executive offices are located at 200 East Basse Road, San Antonio, Texas 78209, and our telephone number is (210) 832-3700. We operate through Clear Channel Outdoor Holdings, Inc. and our combined subsidiaries. Our Internet website address is *www.clearchanneloutdoor.com.* Information contained on our website or that can be accessed through our website is not incorporated by reference in this prospectus. You should not consider information contained on our website or that can be accessed through our website to be part of this prospectus for any purpose.

THE OFFERING

Class A common stock offered	shares
Common stock to be outstanding after this offering:	
Class A	shares
Class B	shares
Total common stock outstanding	shares
Common stock to be held by Clear Channel Communications after this offering:	
Class A	0 shares
Class B	shares
Percentage of the outstanding shares of our common stock to be held by Clear Channel Communications after this offering	%
Percentage of the total voting power of our common stock to be held by Clear Channel Communications after this offering	%

Voting, conversion and transferability features	Our Class A common stock and Class B common stock vote as a single class on all matters on which stockholders are entitled to vote, except as otherwise provided in our amended and restated certificate of incorporation or as required by law. While the rights of our Class A common stock and Class B common stock are substantially similar, the Class A common stock and Class B common stock differ in certain respects, including the following:
Class A	• entitles holder to one vote per share on all matters on which stockholders are entitled to vote; and • will be listed on the New York Stock Exchange.
Class B	• entitles holder to 20 votes per share on all matters on which stockholders are entitled to vote; • will not be listed on any stock exchange; • is convertible, at the option of the holder, at any time into shares of Class A common stock on a one-for-one basis, subject to certain limited exceptions; and • will convert into shares of Class A common stock on a one-for-one basis upon any transfer, subject to certain limited exceptions.
Use of proceeds	We estimate that our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $, or approximately $ if the underwriters exercise in full their option to purchase additional shares of Class A common stock, assuming an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. We intend to use all of the net proceeds of this offering to repay approximately $ (based on the midpoint of the range of

	the offering price set forth on the cover page of this prospectus) of the outstanding balances of the intercompany notes issued to Clear Channel Communications in the original principal amounts of approximately $1.4 billion and $73.0 million. See "Use of Proceeds."
Dividend policy	We do not anticipate paying any dividends on our common stock in the foreseeable future. If cash dividends were to be paid on our common stock, holders of Class A common stock and Class B common stock would share equally, on a per share basis, in any such cash dividend.
Proposed NYSE symbol for the Class A common stock	CCO
Risk factors	For a discussion of the risks related to our business, our relationship with Clear Channel Communications, our Class A common stock and this offering, see "Risk Factors" beginning on page 13.

Unless otherwise indicated, the number of shares of Class A common stock to be outstanding after this offering excludes:

- shares issuable upon the exercise of the underwriters' option to purchase additional shares of Class A common stock; and
- shares issuable upon the exercise of employee stock options to be issued by us in connection with the conversion of equity-based compensation awards of Clear Channel Communications granted to our employees (assuming the shares are issued at a price of $, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus) as well as shares issuable upon the exercise of options or shares of restricted stock that may be granted under our Stock Incentive Plan after this offering. See "Management — Employee Benefit Plans."

Additionally, because shares of our Class A common stock issuable upon the exercise of the underwriters' option to purchase additional shares of Class A common stock are excluded from the number of shares of Class A common stock to be outstanding after this offering, the number of shares of Class B common stock to be outstanding after this offering includes additional shares of Class B common stock that are required to be issued to Clear Channel Communications upon expiration of the unexercised underwriters' option in exchange for the portion of the intercompany indebtedness owed by us to Clear Channel Communications that otherwise would have been repaid with the proceeds from the exercise of such option had it been exercised in full. See "Use of Proceeds."

SUMMARY HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA

The following table sets forth summary historical and pro forma combined financial data and other information of Clear Channel Outdoor Holdings, Inc.

We have prepared our combined financial statements as if Clear Channel Outdoor Holdings, Inc. had been in existence as a separate company throughout all relevant periods. The summary results of operations data, segment data and cash flow data for the years ended December 31, 2004, 2003 and 2002 and the summary combined balance sheet data as of December 31, 2004 and 2003 presented below were derived from our audited combined financial statements and the related notes thereto included elsewhere in this prospectus. The summary combined balance sheet data as of December 31, 2002 is derived from our audited financial statements. The summary results of operations data, segment data and cash flow data for the six months ended June 30, 2005 and 2004 and the summary balance sheet data as of June 30, 2005 presented below were derived from our unaudited combined financial statements and the related notes thereto included elsewhere in this prospectus. The operating results for the six months ended June 30, 2005 and 2004 include all adjustments (consisting only of normal recurring adjustments) that we believe are necessary for a fair statement of the results for such interim periods.

Results for the six months ended June 30, 2005 are not necessarily indicative of the results expected for the fiscal year ending December 31, 2005 or any future period.

Our unaudited pro forma as adjusted results of operations data present our pro forma as adjusted results of operations for the year ended December 31, 2004:

- as if this offering had been completed on January 1, 2004, at an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated offering price range set forth on the cover of this prospectus, and assuming:
  - the outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes issued to Clear Channel Communications are reduced by approximately $, representing the balance at , 2005 in the “Due from Clear Channel Communications” intercompany account;
  - then, approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes is contributed to our capital by Clear Channel Communications;
  - then, approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes is repaid with all of the net proceeds of this offering; and
  - then, to the extent the underwriters do not exercise in full their option to purchase up to an additional shares of our Class A common stock (the proceeds of which would be used to repay the then-outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes), we exchange up to additional shares of our Class B common stock with Clear Channel Communications for the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes that the proceeds from the exercise of such option otherwise would have been used to repay, such that the notes are repaid in full.
- after giving effect to our distribution of an intercompany note in the original principal amount of $2.5 billion as a dividend on our common stock, which note was ultimately distributed to Clear Channel Communications, as if issued to Clear Channel Communications on January 1, 2004.

Our pro forma as adjusted balance sheet and results of operations data as of June 30, 2005 and for the six months ended June 30, 2005, present, using the same assumptions and application of estimated net proceeds described above:

- our as adjusted financial position as of June 30, 2005, as if this offering and the issuance of the $2.5 billion intercompany note had been completed on June 30, 2005; and
- our as adjusted results of operations for the six months ended June 30, 2005, as if this offering and the issuance of the $2.5 billion intercompany note had been completed on January 1, 2004.

The unaudited pro forma information set forth below is based upon available information and assumptions that we believe are reasonable. The historical financial and other data have been prepared on a combined basis from Clear Channel Communications' consolidated financial statements using the historical results of operations and bases of the assets and liabilities of Clear Channel Communications' outdoor advertising business and give effect to allocations of expenses from Clear Channel Communications. Our historical financial data is not indicative of our future performance, nor does such data reflect what our financial position and results of operations would have been had we operated as an independent publicly traded company during the periods shown.

The unaudited pro forma statements of operations do not reflect the complete impact of one-time and ongoing incremental costs required for us to operate as a separate company. Clear Channel Communications allocated to us $24.7 million in 2004, $19.6 million in 2003 and $17.6 million in 2002 of expenses incurred by it for providing us accounting, treasury, tax, legal, public affairs, executive oversight, human resources and other services. Through June 30, 2005, Clear Channel Communications allocated to us $7.8 million of expenses. After this offering, we expect to continue to receive from Clear Channel Communications substantially all of these services, the cost of which will be allocated to us.

You should read the information contained in this table in conjunction with "Selected Historical Combined Financial Data," "Unaudited Pro Forma Combined Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical audited and unaudited combined financial statements and the accompanying notes thereto of us and our combined subsidiaries included elsewhere in this prospectus.

The following table presents a non-GAAP financial measure, OIBDAN, which we use to evaluate segment and combined performance of our business. OIBDAN is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. In Note 3 and in "— Non-GAAP Financial Measure" below, we explain OIBDAN and reconcile it to operating income (loss), its most directly comparable financial measure calculated and presented in accordance with GAAP.

(In thousands, except per share data)	Year Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004	Pro Forma as Adjusted December 31, 2004	Six Months Ended June 30, 2004	Six Months Ended June 30, 2005	Pro Forma as Adjusted June 30, 2005
				(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Results of Operations Data:							
Revenue	$ 1,859,641	$ 2,174,597	$ 2,447,040	$ 2,447,040	$ 1,161,142	$ 1,263,468	$ 1,263,468
Operating expenses:							
Direct operating expenses (exclusive of depreciation and amortization)	957,830	1,133,386	1,262,317	1,262,317	843,998	915,673	915,673
Selling, general and administrative expenses (exclusive of depreciation and amortization)	392,803	456,893	499,457	499,457			
Depreciation and amortization	336,895	379,640	388,217	388,217	192,556	194,828	194,828
Corporate expenses (exclusive of depreciation and amortization)	52,218	54,233	53,770	53,770	26,537	26,398	26,398
Operating income	119,895	150,445	243,279	243,279	98,051	126,569	126,569
Interest expense	11,623	14,201	14,177	14,177	7,275	6,467	6,467
Intercompany interest expense	227,402	145,648	145,653	140,858	72,826	72,828	70,430
Equity in earnings (loss) of nonconsolidated affiliates	3,620	(5,142)	(76)	(76)	4,787	5,947	5,947
Other income (expense) — net	9,164	(8,595)	(13,341)	(13,341)	(11,638)	(6,735)	(6,735)
Income (loss) before income taxes and cumulative effect of a change in accounting principle	(106,346)	(23,141)	70,032	74,827	11,099	46,486	48,884
Income tax benefit (expense):							
Current	72,008	12,092	(23,422)	(25,340)	3,537	(46,745)	(47,704)
Deferred	(21,370)	(23,944)	(39,132)	(39,132)	(11,777)	11,879	11,879
Income (loss) before cumulative effect of a change in accounting principle	$ (55,708)	$ (34,993)	$ 7,478	$ 10,355	$ 2,859	$ 11,620	$ 13,059
Cumulative effect of a change in accounting principle, net of tax of $504,927 in 2002 and $113,173 in 2004(1)	(3,527,198)	—	(162,858)		—	—	
Net income (loss)	$ (3,582,906)	$ (34,993)	$ (155,380)		$ 2,859	$ 11,620	
Basic and diluted income (loss) before cumulative effect of a change in accounting principle per common share(2)	$	$	$	$	$	$	$
Segment Data:							
Revenue:							
Domestic	$ 911,493	$ 1,006,376	$ 1,092,089	$ 1,092,089	$ 514,603	$ 568,944	$ 568,944
International	948,148	1,168,221	1,354,951	1,354,951	646,539	694,524	694,524
Total revenue	$ 1,859,641	$ 2,174,597	$ 2,447,040	$ 2,447,040	$ 1,161,142	$ 1,263,468	$ 1,263,468
Operating income (loss):							
Domestic	$ 174,381	$ 215,485	$ 263,772	$ 263,772	$ 115,911	$ 154,479	$ 154,479
International	(2,268)	(10,807)	33,277	33,277	8,677	(1,512)	(1,512)
Corporate	(52,218)	(54,233)	(53,770)	(53,770)	(26,537)	(26,398)	(26,398)
Total operating income	$ 119,895	$ 150,445	$ 243,279	$ 243,279	$ 98,051	$ 126,569	$ 126,569

(In thousands)	Year Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004	Pro Forma as Adjusted December 31, 2004 (Unaudited)	Six Months Ended June 30, 2004 (Unaudited)	Six Months Ended June 30, 2005 (Unaudited)	Pro Forma as Adjusted June 30, 2005 (Unaudited)
Cash Flow Data:							
Cash flow provided by (used in):							
Operating activities	$ 320,235	$ 433,459	$ 492,495		$ 199,957	$ 167,289	
Investing activities	$ (430,844)	$ (230,162)	$ (310,658)		$ (143,769)	$ (148,235)	
Financing activities	$ 173,193	$ (222,491)	$ (182,006)		$ (50,147)	$ 1,045	
Capital expenditures	$ 290,187	$ 205,145	$ 176,140		$ 76,900	$ 77,883	
Other Data:							
OIBDAN(3)							
Domestic	$ 354,328	$ 409,722	$ 450,494	$ 450,494	$ 210,127	$ 240,831	$ 240,831
International	154,680	174,596	234,888	234,888	107,067	107,298	107,298
Corporate	(52,218)	(54,233)	(53,770)	(53,770)	(26,537)	(26,398)	(26,398)
Total OIBDAN(3)	$ 456,790	$ 530,085	$ 631,612	$ 631,612	$ 290,657	$ 321,731	$ 321,731

(In thousands)	As of December 31, 2002	As of December 31, 2003	As of December 31, 2004	As of June 30, 2005 Historical (Unaudited)	As of June 30, 2005 Pro Forma as Adjusted (Unaudited)
Balance Sheet Data:					
Cash and cash equivalents	$ 45,741	$ 34,105	$ 37,948	$ 49,665	$
Current assets	753,289	958,669	1,107,240	1,117,639	
Property, plant and equipment — net	2,213,817	2,264,106	2,195,985	2,055,767	
Total assets	4,926,205	5,232,820	5,240,933	5,092,370	
Current liabilities	642,330	736,202	749,055	723,759	
Long-term debt, including current maturities	1,713,493	1,670,017	1,639,380	1,654,906	
Total liabilities	2,347,262	2,472,656	2,511,280	2,514,441	
Owner's equity	2,578,943	2,760,164	2,729,653	2,577,929	
Total liabilities and owner's equity	4,926,205	5,232,820	5,240,933	5,092,370	

(1) Cumulative effect of change in accounting principle for the year ended December 31, 2002, related to an impairment of goodwill recognized in accordance with the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Cumulative effect of change in accounting principle for the year ended December 31, 2004, related to a non-cash charge recognized in accordance with the adoption of Topic D-108, *Use of Residual Method to Value Acquired Assets other than Goodwill*. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates — Indefinite-lived Assets."

(2) Basic and diluted income (loss) before cumulative effect of a change in accounting principle per share is calculated by dividing income (loss) before cumulative effect of a change in accounting principle by the weighted average of common shares outstanding. The historic basic and diluted is based on shares outstanding and the pro forma basic and diluted is based on shares outstanding.

(3) We evaluate segment and combined performance based on several factors, one of the primary measures of which is operating income (loss) before depreciation, amortization and non-cash compensation expense, which we refer to as OIBDAN. See "— Non-GAAP Financial Measure" below, "Unaudited Pro Forma Combined Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Use of OIBDAN."

Table of Contents

Non-GAAP Financial Measure

In addition to operating income, we evaluate segment and combined performance based on other factors, one primary measure of which is operating income (loss) before depreciation, amortization and non-cash compensation expense, which we refer to as OIBDAN. We use OIBDAN as a measure of the operational strengths and performance of our business and not as a measure of liquidity. However, a limitation of the use of OIBDAN as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Accordingly, OIBDAN should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. Furthermore, this measure may vary among other companies; thus, OIBDAN as presented below may not be comparable to similarly titled measures of other companies.

We believe OIBDAN is useful to investors and other external users of our financial statements in evaluating our operating performance because it is widely used in the outdoor advertising industry to measure a company's operating performance and it helps investors more meaningfully evaluate and compare the results of our operations from period to period and with those of other companies in the outdoor advertising industry (to the extent the same components of OIBDAN are used), in each case without regard to items such as non-cash depreciation and amortization and non-cash compensation expense, which can vary depending upon the accounting method used and the book value of assets.

Our management uses OIBDAN (i) as a measure for planning and forecasting operating and individual expectations and for evaluating actual results against such expectations, (ii) as a basis for incentive bonuses paid to our executive officers and our branch managers and (iii) in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management.

The following table presents a reconciliation of OIBDAN to operating income, which is a GAAP measure of our operating results:

(In thousands)	Year Ended December 31, 2002	2003	2004	Pro Forma as Adjusted December 31, 2005 (Unaudited)	Six Months Ended June 30, 2004 (Unaudited)	2005 (Unaudited)	Pro Forma as Adjusted June 30, 2005 (Unaudited)
Reconciliation of OIBDAN to operating income:							
Combined:							
OIBDAN	$ 456,790	$ 530,085	$ 631,612	$ 631,612	$ 290,657	$ 321,731	$ 321,731
Depreciation and amortization	336,895	379,640	388,217	388,217	192,556	194,828	194,828
Non-cash compensation	—	—	116	116	50	334	334
Operating income	$ 119,895	$ 150,445	$ 243,279	$ 243,279	$ 98,051	$ 126,569	$ 126,569
Domestic:							
OIBDAN	$ 354,328	$ 409,722	$ 450,494	$ 450,494	$ 210,127	$ 240,831	$ 240,831
Depreciation and amortization	179,947	194,237	186,620	186,620	94,173	86,091	86,091
Non-cash compensation	—	—	102	102	43	261	261
Operating income	$ 174,381	$ 215,485	$ 263,772	$ 263,772	$ 115,911	$ 154,479	$ 154,479
International:							
OIBDAN	$ 154,680	$ 174,596	$ 234,888	$ 234,888	$ 107,067	$ 107,298	$ 107,298
Depreciation and amortization	156,948	185,403	201,597	201,597	98,383	108,737	108,737
Non-cash compensation	—	—	14	14	7	73	73
Operating income (loss)	$ (2,268)	$ (10,807)	$ 33,277	$ 33,277	$ 8,677	$ (1,512)	$ (1,512)

RISK FACTORS

You should carefully consider the following risks before investing in our Class A common stock. These risks could materially adversely affect our business, results of operations or financial condition. In such an event, the trading price of our Class A common stock could decline and you could lose part or all of your investment.

Risks Related to Our Business

We have incurred net losses and may experience future net losses, which could adversely affect our stock price.

In the past, our operating results have been adversely affected by, among other things, a global economic slowdown and a decline in our clients' advertising budgets. We incurred net losses in each of 2002, 2003 and 2004 of approximately $3.6 billion, $35.0 million and $155.4 million, respectively, and had an accumulated retained deficit of $4.2 billion at June 30, 2005. Due to market conditions in the advertising industry generally and slow economic times and other factors that cause advertisers to cut back their advertising budgets or change their advertising strategies, we may face reduced demand for our advertising products, underutilization of our advertising faces and other factors that could adversely affect our results of operations in the near term. We cannot predict whether we will achieve profitability in future periods.

Government regulation of outdoor advertising may restrict our outdoor advertising operations.

Changes in laws and regulations affecting outdoor advertising at any level of government, including laws of the foreign jurisdictions in which we operate, could have a significant financial impact on us by requiring us to make significant expenditures or otherwise limiting or restricting some of our operations.

U.S. federal, state and local regulations have had an impact on the outdoor advertising industry. One of the seminal laws was The Highway Beautification Act of 1965 (HBA), which regulates outdoor advertising on the 306,000 miles of Federal-Aid Primary, Interstate and National Highway Systems roads. HBA regulates the locations of billboards, mandates a state compliance program, requires the development of state standards, promotes the expeditious removal of illegal signs, and requires just compensation for takings. Size, spacing and lighting are regulated by state and local municipalities.

From time to time, certain state and local governments have attempted to force the removal of billboards not governed by the HBA under various amortization theories. Amortization permits the billboard owner to operate its billboard only as a nonconforming use for a specified period of time, after which it must remove or otherwise conform its billboard to the applicable regulations at its own cost without any compensation. Several municipalities within our existing markets have adopted amortization ordinances. Restrictive regulations also limit our ability to rebuild or replace nonconforming billboards. Such regulations have not had a material impact on our results of operations to date, but if we are increasingly unable to negotiate acceptable arrangements in circumstances in which our billboards are subject to removal or amortization or if there occurs an increase in such regulations, our results could suffer.

Legislation has from time to time been introduced in state and local jurisdictions attempting to impose taxes on revenues of outdoor advertising companies. Several jurisdictions have already imposed such taxes as a percentage of our gross receipts of outdoor advertising revenues in that jurisdiction. While these taxes have not had a material impact on our business and financial results to date, we expect states to continue to try to impose such taxes as a way of increasing revenues. The increased imposition of these taxes and our inability to pass on the cost of these taxes to our clients could negatively affect our operating income.

In addition, we are unable to predict what additional regulations may be imposed on outdoor advertising in the future. Legislation that would regulate the content of billboard advertisements and implement additional billboard restrictions has been introduced in Congress from time to time in the past.

We recently were fined $30,000 by the City of Los Angeles for our inadvertent failure to properly disclose our role in providing billboards to a local political candidate.

International regulation of the outdoor advertising industry varies by region and country, but generally limits the size, placement, nature and density of out-of-home displays. Significant international regulations include the Law of December 29, 1979 in France, the Town and Country Planning (Control of Advertisements) Regulations 1992 in the United Kingdom, and *Règlement Régional Urbain de l'agglomération bruxelloise* in Belgium. These laws define issues such as the extent to which advertisements can be erected in rural areas, the hours during which illuminated signs may be lit and whether the consent of local authorities is required to place a sign in certain communities. Other regulations limit the subject matter and language of out-of-home displays. For instance, the United States and France, among other nations, ban outdoor advertisements for tobacco products. Our failure to comply with these or any future international regulations could have an adverse impact on the effectiveness of our displays or their attractiveness to clients as an advertising medium and may require us to make significant expenditures to ensure compliance. As a result, we may experience a significant impact on our operations, revenues, international client base and overall financial condition.

We face intense competition in the outdoor advertising industry that may adversely affect the advertising fees we can charge, and consequently lower our operating margins and profits.

We operate in a highly competitive industry, and we may not be able to maintain or increase the fees we charge our customers, which may consequently lower our operating margins and profits. Our advertising properties compete for audiences and advertising revenues with other outdoor advertising companies, as well as with other media, such as radio, newsweekly magazines, newspapers, prime time television, direct mail, the Internet and telephone directories. It is possible that new competitors may emerge and rapidly acquire significant market share. Competitive factors in our industry could adversely affect our financial performance by, among other things, leading to decreases in overall revenues, numbers of advertising clients, advertising fees or profit margins. These factors include:

- our competitors offering reduced advertising rates, which we may be unable or unwilling to match;
- our competitors adopting technological changes and innovations that we are unable to adopt or are delayed in adopting and that offer more attractive advertising alternatives than those we currently offer;
- shifts in the general population or specific demographic groups to markets where we have fewer outdoor advertising displays;
- our competitors securing more effective advertising sites than those sites where our displays are located;
- our competitors' abilities to complete and integrate acquisitions better than our ability to complete and integrate acquisitions;
- our inability to secure street furniture contracts on favorable terms; and
- development, governmental actions and strategic trading or retirement of displays, which, excluding acquisitions, may result in a reduction of our existing displays and increased competition for attractive display locations.

Doing business in foreign countries creates certain risks not involved in doing business in the United States that may disrupt our international operations or cause us to realize lower returns from our international operations.

Doing business in foreign countries involves certain risks that may not exist when doing business in the United States. The risks involved in foreign operations that could result in disruptions to our business or financial losses in our international operations against which we are not insured include:

- exposure to local economic conditions, foreign exchange restrictions and restrictions on the withdrawal of foreign investment and earnings, investment restrictions or requirements, expropriations of property and changes in foreign taxation structures, each of which could reduce our profit from international operations;
- potential adverse changes in the diplomatic relations of foreign countries with the United States and government policies against businesses owned by foreigners, each of which could affect our ability to continue operations in or enter into an otherwise profitable market;
- changes in foreign regulations, such as the decision in France to lift the ban on retail advertising on television by 2007;
- hostility from local populations, potential instability of foreign governments and risks of insurrections, each of which could disrupt our ability to conduct normal business operations; and
- risks of renegotiation or modification of existing agreements with governmental authorities and diminished ability to legally enforce our contractual rights in foreign countries, each of which could cause financial losses in otherwise profitable operations.

In addition, we may incur substantial tax liabilities if we repatriate any of the cash generated by our international operations back to the United States, due to our current inability to recognize any foreign tax credits that would be associated with such repatriation. We are not currently in a position to recognize any tax assets in the United States that are the result of payments of income or withholding taxes in foreign jurisdictions.

Exchange rates may cause fluctuations in our results of operations that are not related to our operations.

Because we own assets overseas and derive revenues from our international operations, we may incur currency translation losses or gains due to changes in the values of foreign currencies relative to the United States dollar. For the years ended December 31, 2004, 2003 and 2002, foreign exchange rate gains had a significant positive effect on our results of operations. However, for the six months ended June 30, 2005 and 2004, exchange rate fluctuations negatively affected our results of operations. We cannot predict the effect of exchange rate fluctuations upon future operating results. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Risk Management — Foreign Currency Risk.”

Our results of operations vary from quarter to quarter, and our financial performance in certain financial quarters may not be indicative of or comparable to our financial performance in subsequent financial quarters.

Typically, we experience our lowest financial performance in the first quarter of our calendar year as retailers scale back their advertising budgets following the year-end holiday season. Because our results vary widely from quarter to quarter, our financial results for one quarter cannot necessarily be compared to another quarter and may not be indicative of our financial performance in subsequent quarters. These variations in our financial results could have an effect on our stock price.

The success of our street furniture and transit products is dependent on our obtaining key municipal concessions, which we may not be able to obtain on favorable terms.

Our street furniture and transit products businesses require us to obtain contracts with municipalities and other governmental entities. Many of these contracts require us to participate in competitive bidding processes, have terms typically ranging from three to 20 years and have revenue share or fixed payment components. Our inability to successfully negotiate or complete these contracts due to governmental demands and delay and the highly competitive bidding processes for these contracts could affect our ability to offer these products to our clients, or to offer them to our clients at rates that are competitive to other forms of advertising, without adversely affecting our net income.

Future acquisitions of businesses or properties could have adverse consequences on our existing business or assets.

We may acquire outdoor advertising assets and other assets or businesses that we believe will assist our clients in marketing their products and services. Our acquisition strategy involves numerous risks, including:

- possible failures of our acquisitions to be profitable or to generate anticipated cash flows, which could affect our overall profitability and cash flows;
- entry into markets and geographic areas where our competitors are operating but where we have limited or no experience;
- potential difficulties in integrating our operations and systems with those of acquired companies, causing delays in realizing the potential benefits of acquisitions;
- diversion of our management team’s attention away from other business concerns; and
- loss of key employees of acquired companies or the inability to recruit additional senior management to supplement or replace senior management of acquired companies.

Antitrust regulations may limit future acquisitions due to our current inventory of advertising properties in certain markets.

Additional acquisitions by us may require antitrust review by U.S. antitrust agencies and may require review by foreign antitrust agencies under the antitrust laws of foreign jurisdictions. We can give no assurances that the Department of Justice, the Federal Trade Commission or foreign antitrust agencies will not investigate, possibly challenge or seek divestitures or other remedies as a condition to not challenging future acquisitions. If those agencies take any such action, we may not be able to complete, or realize the desired benefits of, the proposed acquisition.

The lack of availability of potential acquisitions at reasonable prices could harm our growth strategy.

We face stiff competition from other outdoor advertising companies for acquisition opportunities. If the prices sought by sellers of these companies were to rise, we may find fewer acceptable acquisition opportunities. In addition, the purchase price of possible acquisitions could require the incurrence of additional debt or equity financing on our part. Since the terms and availability of this financing depend to a large degree upon general economic conditions and third parties over which we have no control, we can give no assurance that we will obtain the needed financing or that we will obtain such financing on attractive terms. In addition, our ability to obtain financing depends on a number of other factors, many of which are also beyond our control, such as interest rates and national and local business conditions. If the cost of obtaining needed financing is too high or the terms of such financing are otherwise unacceptable in relation to the acquisition opportunity we are presented with, we may decide to forgo that opportunity. Additional indebtedness could increase our leverage and make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures. Additional equity financing could result in dilution to our stockholders.

After this offering, we will have substantial debt obligations that could restrict our operations and impair our financial condition.

After this offering, the application of all of the net proceeds of this offering to repay a portion of the outstanding balances of the $1.4 billion and $73.0 million intercompany notes owed to Clear Channel Communications, the reduction of a portion of the outstanding balances of such notes through offset to the "Due from Clear Channel Communications" account and the contribution of the remaining portion of the outstanding balances of such notes to our capital, our total indebtedness for borrowed money will be approximately $, approximately $2.5 billion of which will be intercompany indebtedness owed to Clear Channel Communications. Approximately $146.3 million of such total indebtedness (excluding interest) is due in 2005, $4.6 million is due in 2006 and 2007, $0.8 million is due in 2008 and 2009 and $2.5 billion thereafter. We may also incur additional substantial indebtedness in the future.

Our substantial indebtedness could have adverse consequences, including:

- increasing our vulnerability to adverse economic, regulatory and industry conditions;
- limiting our ability to compete and our flexibility in planning for, or reacting to, changes in our business and the industry;
- limiting our ability to borrow additional funds; and
- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our debt, thereby reducing funds available for working capital, capital expenditures, acquisitions and other purposes.

If our cash flow and capital resources are insufficient to service our debt obligations, we may be forced to sell assets, seek additional equity or debt capital or restructure our debt. However, these measures might be unsuccessful or inadequate in permitting us to meet scheduled debt service obligations. We may be unable to restructure or refinance our obligations and obtain additional equity financing or sell assets on satisfactory terms or at all. As a result, inability to meet our debt obligations could cause us to default on those obligations. A default under any debt instrument could, in turn, result in defaults under other debt instruments. Any such defaults could materially impair our financial condition and liquidity.

To service our debt obligations and to fund potential capital expenditures, we will require a significant amount of cash to meet our needs, which depends on many factors beyond our control.

Our ability to service our debt obligations and to fund potential capital expenditures for display construction or renovation will require a significant amount of cash, which depends on many factors beyond our control. Our ability to make payments on and to refinance our debt will also depend on our ability to generate cash in the future. This, to an extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flow or that future borrowings will be available to us in an amount sufficient to enable us to pay our debt, including our intercompany notes, or to fund our other liquidity needs. If our future cash flow from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell assets, obtain additional equity capital or restructure or refinance all or a portion of our debt, including the intercompany notes, on or before maturity. We cannot assure you that we will be able to refinance any of our debt, including the intercompany notes, on a timely basis or on satisfactory terms, if at all. In addition, the terms of our existing debt, including the intercompany notes, and other future debt may limit our ability to pursue any of these alternatives.

The $2.5 billion intercompany note and agreements with Clear Channel Communications impose restrictions on our ability to finance operations and capital needs, make acquisitions or engage in other business activities and requires prepayment from substantially all proceeds from debt or equity raised by us.

The $2.5 billion intercompany note and Master Agreement with Clear Channel Communications include restrictive covenants that, among other things, restrict our ability to:

- incur additional debt;
- pay dividends and make distributions;
- make certain acquisitions and investments;
- repurchase our stock;
- create liens;
- enter into transactions with affiliates;
- enter into sale-leaseback transactions;
- dispose of all or substantially all of our assets; and
- merge or consolidate.

The existence of these restrictions could limit our ability to grow and increase our revenues or respond to competitive changes.

In addition, the intercompany note requires us to prepay it in full upon a change of control (as defined in the note), and, upon our issuances of equity and incurrences of debt, subject to certain exceptions, to prepay the note in the amount of net proceeds received from such events. Our failure to comply with the terms and covenants in our indebtedness could lead to a default under the terms of those documents, which would entitle Clear Channel Communications or other holders to accelerate the indebtedness and declare all amounts owed due and payable. See “Arrangements Between Clear Channel Communications and Us — Master Agreement — Approval Rights of Clear Channel Communications on Certain of Our Activities” and “Description of Indebtedness.”

Additional restrictions on outdoor advertising of tobacco, alcohol and other products may further restrict the categories of clients that can advertise using our products.

Out-of-court settlements between the major U.S. tobacco companies and all 50 states, the District of Columbia, the Commonwealth of Puerto Rico and four other U.S. territories include a ban on the outdoor advertising of tobacco products. Our domestic revenues from the outdoor advertising of tobacco products were approximately $1.2 million, $1.6 million and $3.1 million in 2002, 2003 and 2004, respectively. Other products and services may be targeted in the future, including alcohol products. Our domestic revenues from the outdoor advertising of alcohol products were approximately $68.5 million, $74.0 million and $71.0 million in 2002, 2003 and 2004. Legislation regulating tobacco and alcohol advertising has also been introduced in a number of European countries in which we conduct business and could have a similar impact. Any significant reduction in alcohol-related advertising due to content-related restrictions could cause a reduction in our direct revenues from such advertisements and an increase in the available space on the existing inventory of billboards in the outdoor advertising industry.

A general deterioration in economic conditions may cause our clients to reduce their advertising budgets or to choose advertising plans other than outdoor advertising.

The risks associated with our businesses become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in advertising and which could have an adverse effect on our revenues and profit margins or result in an impairment in the value of our assets. The impact of slowdowns on our business is difficult to predict, but they may result in reductions in purchases of

advertising. In addition, to the extent our street furniture and transit businesses rely on long-term guaranteed contracts with government entities, we may suffer losses on those contracts in times of economic slowdowns.

Our outdoor advertising properties and revenues may be adversely affected by the occurrence of extraordinary events.

The occurrence of extraordinary events with respect to our properties or the economy generally, such as terrorist attacks, severe weather conditions such as hurricanes or similar events may substantially decrease the use of and demand for advertising or expose us to substantial liability, which may decrease our revenues or increase our expenses. The September 11, 2001 terrorist attacks, for example, caused a nationwide disruption of commercial activities. The occurrence of future terrorist attacks, military actions, contagious disease outbreaks or similar events cannot be predicted, and their occurrence can be expected to further negatively affect the economies of the United States and other foreign countries where we do business generally, specifically the market for advertising.

Risks Related to Our Relationship with Clear Channel Communications

We have no operating history as an independent company and our historical and pro forma combined financial information is not necessarily representative of the results we would have achieved as an independent publicly traded company and may not be a reliable indicator of our future results.

The historical and pro forma combined financial information included in this prospectus does not reflect the financial condition, results of operations or cash flows we would have achieved as an independent publicly traded company during the periods presented or those results we will achieve in the future. This is primarily a result of the following factors:

- Our historical and pro forma combined financial results reflect allocations of corporate expenses from Clear Channel Communications. Those allocations may be different from the comparable expenses we would have incurred had we operated as an independent publicly traded company.
- Our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, historically have been satisfied as part of the corporate-wide cash management policies of Clear Channel Communications. Subsequent to this offering, Clear Channel Communications will not be required to provide us with funds to finance our working capital or other cash requirements. Without the opportunity to obtain financing from Clear Channel Communications, we may in the future need to obtain additional financing from banks, or through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements. We may have a credit rating that is lower than Clear Channel Communications' credit rating and may incur debt on terms and at interest rates that will not be as favorable as those generally enjoyed by Clear Channel Communications.
- Significant changes may occur in our cost structure, management, financing and business operations as a result of our operating as an independent public subsidiary of Clear Channel Communications. These changes could result in increased costs associated with reduced economies of scale, stand-alone costs for services currently provided by Clear Channel Communications, the need for additional personnel to perform services currently provided by Clear Channel Communications and the legal, accounting, compliance and other costs associated with being a public company with equity securities listed on a national stock exchange. We are obligated to continue to use the services of Clear Channel Communications under the Corporate Services Agreement until such time as Clear Channel Communications owns less than 50% of the total voting power of our common stock, or longer for certain information technology services, and, in the event our Corporate Services Agreement with Clear Channel Communications terminates, we may not be able to replace the services that Clear Channel Communications provides us until such time or in a timely manner or on comparable terms.

- Pursuant to a cash management arrangement, substantially all of our cash generated from our domestic operations will be transferred daily by Clear Channel Communications into accounts where funds of ours and of Clear Channel Communications may be commingled. The amounts so held by Clear Channel Communications will be evidenced in a cash management note issued by Clear Channel Communications to us. We do not have a commitment from Clear Channel Communications to advance funds to us, and we will have no access to the cash transferred from our concentration account to the master account of Clear Channel Communications. If Clear Channel Communications were to become insolvent, we would be an unsecured creditor like other unsecured creditors of Clear Channel Communications and could experience a liquidity shortfall.

Because Clear Channel Communications controls substantially all the voting power of our common stock, investors will not be able to affect the outcome of any stockholder vote.

After this offering, Clear Channel Communications will own all of our outstanding shares of Class B common stock, representing approximately % of the outstanding shares of our common stock, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock. Each share of our Class B common stock entitles its holder to 20 votes and each share of our Class A common stock entitles its holder to one vote on all matters on which stockholders are entitled to vote. As a result, after this offering, Clear Channel Communications will control approximately % of the total voting power of our common stock, or approximately % if the underwriters exercise in full their option to purchase additional shares of Class A common stock.

For so long as Clear Channel Communications continues to own shares of our common stock representing more than 50% of the total voting power of our common stock, it will have the ability to direct the election of all members of our board of directors and to exercise a controlling influence over our business and affairs, including any determinations with respect to mergers or other business combinations involving us, our acquisition or disposition of assets, our incurrence of indebtedness, our issuance of any additional common stock or other equity securities, our repurchase or redemption of common stock or preferred stock and our payment of dividends. Similarly, Clear Channel Communications will have the power to determine or significantly influence the outcome of matters submitted to a vote of our stockholders, including the power to prevent an acquisition or any other change in control of us. Because Clear Channel Communications' interests as our controlling stockholder may differ from your interests, actions taken by Clear Channel Communications with respect to us may not be favorable to you.

Prior to the completion of this offering, we also will enter into a master agreement, a corporate services agreement, a trademark license agreement and a number of other agreements with Clear Channel Communications setting forth various matters governing our relationship with Clear Channel Communications while it remains a significant stockholder in us. These agreements, along with the $2.5 billion intercompany note, will govern our relationship with Clear Channel Communications after this offering and will allow Clear Channel Communications to retain control over, among other things, the continued use of the trademark "Clear Channel," the provision of corporate services to us and our ability to make certain acquisitions or to merge or consolidate or to sell all or substantially all our assets. The rights of Clear Channel Communications under these agreements may allow Clear Channel Communications to delay or prevent an acquisition of us that our other stockholders may consider favorable. We will not be able to terminate these agreements or amend them in a manner we deem more favorable so long as Clear Channel Communications continues to own shares of our common stock representing more than 50% of the total voting power of our common stock. See "Description of Capital Stock", "Description of Indebtedness" and "Arrangements Between Clear Channel Communications and Us."

Conflicts of interest may arise between Clear Channel Communications and us that could be resolved in a manner unfavorable to us.

Questions relating to conflicts of interest may arise between Clear Channel Communications and us in a number of areas relating to our past and ongoing relationships. After this offering, of our directors will continue to serve as directors of Clear Channel Communications and two of these will be our

executive officers. For as long as Clear Channel Communications continues to own shares of our common stock representing more than 50% of the total voting power of our common stock, it will have the ability to direct the election of all the members of our board of directors and to exercise a controlling influence over our business and affairs.

Areas in which conflicts of interest between Clear Channel Communications and us could arise include, but are not limited to, the following:

- *Cross officerships, directorships and stock ownership.* The ownership interests of our directors or executive officers in the common stock of Clear Channel Communications or service as a director or officer of both Clear Channel Communications and us could create, or appear to create, conflicts of interest when directors and executive officers are faced with decisions that could have different implications for the two companies. For example, these decisions could relate to (i) the nature, quality and cost of services rendered to us by Clear Channel Communications, (ii) disagreement over the desirability of a potential acquisition opportunity, (iii) employee retention or recruiting or (iv) our dividend policy.

- *Intercompany transactions.* From time to time, Clear Channel Communications or its affiliates may enter into transactions with us or our subsidiaries or other affiliates. Although the terms of any such transactions will be established based upon negotiations between employees of Clear Channel Communications and us and, when appropriate, subject to the approval of the independent directors on our board or a committee of disinterested directors, there can be no assurance that the terms of any such transactions will be as favorable to us or our subsidiaries or affiliates as may otherwise be obtained in arm's length negotiations.

- *Intercompany agreements.* We have entered into certain agreements with Clear Channel Communications pursuant to which it will provide us certain management, administrative, accounting, tax, legal and other services, for which we will reimburse Clear Channel Communications on a cost basis. In addition, we will enter into a number of intercompany agreements covering matters such as tax sharing and our responsibility for certain liabilities previously undertaken by Clear Channel Communications for certain of our businesses. Pursuant to the corporate services agreement between Clear Channel Communications and us, we are contractually obligated to utilize the services of Mark P. Mays as our Chief Executive Officer and Randall T. Mays as our Chief Financial Officer until Clear Channel Communications owns less than 50% of the voting power of our common stock, and our board will not have contractual discretion to appoint another individual to either office without the consent of Clear Channel Communications. The terms of these agreements were established while we were a wholly owned subsidiary of Clear Channel Communications and were not the result of arm's length negotiations. In addition, conflicts could arise in the interpretation or any extension or renegotiation of these existing agreements after this offering. See "Arrangements Between Clear Channel Communications and Us."

If Clear Channel Communications engages in the same type of business we conduct or takes advantage of business opportunities that might be attractive to us, our ability to successfully operate and expand our business may be hampered.

Our amended and restated certificate of incorporation provides that, subject to any contractual provision to the contrary, Clear Channel Communications will have no obligation to refrain from:

- engaging in the same or similar business activities or lines of business as us; or

- doing business with any of our clients, customers or vendors.

In addition, the corporate opportunity policy set forth in our amended and restated certificate of incorporation addresses potential conflicts of interest between our company, on the one hand, and Clear Channel Communications and its officers and directors who are officers or directors of our company, on the other hand. The policy provides that if Clear Channel Communications acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both Clear Channel

Communications and us, we will have renounced our interest in the corporate opportunity. It also provides that if one of our directors or officers who is also a director or officer of Clear Channel Communications learns of a potential transaction or matter that may be a corporate opportunity for both Clear Channel Communications and us, we will have renounced our interest in the corporate opportunity, unless that opportunity is expressly offered to that person in writing solely in his or her capacity as our director or officer.

If one of our officers or directors, who also serves as a director or officer of Clear Channel Communications, learns of a potential transaction or matter that may be a corporate opportunity for both Clear Channel Communications and us, our amended and restated certificate of incorporation provides that the director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of Clear Channel Communications' actions with respect to that corporate opportunity.

This policy could result in Clear Channel Communications having rights to corporate opportunities in which both we and Clear Channel Communications have an interest.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to these provisions of our amended and restated certificate of incorporation. The principles for resolving such potential conflicts of interest are described under "Description of Capital Stock — Provisions of Our Amended and Restated Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities."

We are a "controlled company" within the meaning of the New York Stock Exchange rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements that may not provide as many protections as those afforded to stockholders of other companies.

After this offering, Clear Channel Communications will continue to own more than 50% of the total voting power of our common stock and we will be a "controlled company" under the NYSE corporate governance standards. As a controlled company, we may elect to utilize certain exemptions under the NYSE standards that free us from the obligation to comply with certain NYSE corporate governance requirements, including the requirements (i) that a majority of the board of directors consists of independent directors, (ii) that we have a nominating and governance committee, and that such committee be composed entirely of independent directors and governed by a written charter addressing the committee's purpose and responsibilities, (iii) that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (iv) for an annual performance evaluation of the compensation committee. After this offering, we intend to utilize certain of these exemptions and, as a result, we may not create or maintain a nominating and governance committee, and the nominating and governance committee, if created, and the compensation committee may not consist entirely of independent directors, and our board of directors may not consist of a majority of independent directors. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the NYSE corporate governance requirements.

We will only have the right to use the Clear Channel brand name, logo and corporate name for so long as Clear Channel Communications owns at least 50% of the total voting power of our common stock. If Clear Channel Communications' ownership falls below such 50% threshold and we fail to establish in a timely manner a new, independently recognized brand name with a strong reputation, our revenue and profitability could decline.

Upon completion of this offering, our corporate name will be "Clear Channel Outdoor Holdings, Inc.," and we and our subsidiaries may use the Clear Channel brand name and logo in marketing our products and services. Pursuant to a trademark license agreement, Clear Channel Communications will grant us the right to use the "Clear Channel" mark and logo in connection with our products and services and the right to use "Clear Channel" in our corporate name and the corporate names of our subsidiaries

until 12 months after the date on which Clear Channel Communications owns less than 50% of the total voting power of our common stock. In the event our right to use the Clear Channel brand name and logo and corporate name expires, we will be required to conduct our business under a new brand name, which may not be immediately recognized by our clients and suppliers or by potential employees we are trying to recruit. We will need to expend significant time, effort and resources to establish a new brand name in the marketplace. We cannot guarantee that this effort will ultimately be successful. If our effort to establish a new brand identity is unsuccessful, our business, financial condition and results of operations may suffer.

Any future separation from Clear Channel Communications could adversely affect our business and profitability due to Clear Channel Communications' strong brand and reputation.

As a subsidiary of Clear Channel Communications, our businesses have marketed many of their products and services using the "Clear Channel" brand name and logo, and we believe the association with Clear Channel Communications has provided many benefits, including:

- a world-class brand associated with trust, integrity and longevity;
- perception of high-quality products and services;
- preferred status among our clients and employees;
- strong capital base and financial strength; and
- established relationships with U.S. federal and state regulators and non-U.S. regulators.

Any future separation from Clear Channel Communications could adversely affect our ability to attract and retain highly qualified dedicated sales specialists for our products and services. We may be required to lower the prices of our products and services, increase our sales commissions and fees, change long-term advertising and marketing agreements and take other action to maintain our relationship with our clients, suppliers and dedicated sales specialists, all of which could have an adverse effect on our financial condition and results of operations. Any future separation from Clear Channel Communications also could cause some of our existing clients to choose to stop doing business with us, and could cause other potential clients to decide not to purchase our products and services because we are no longer part of Clear Channel Communications.

We cannot accurately predict the effect that a separation from Clear Channel Communications would have on our sales, clients or employees. The risks relating to a separation from Clear Channel Communications could materialize at various times, including:

- if and when Clear Channel Communications reduces its ownership in our common stock to a level below 50% of the total voting power; and
- if and when we are required to cease using the Clear Channel name and logo in our sales and marketing materials.

We will not have control over our tax decisions and could be liable for income taxes owed by Clear Channel Communications.

For so long as Clear Channel Communications continues to own at least 80% of the total voting power and value of our common stock, we and certain of our subsidiaries will be included in Clear Channel Communications' consolidated group for U.S. federal income tax purposes. In addition, we or one or more of our subsidiaries may be included in the combined, consolidated or unitary tax returns of Clear Channel Communications or one or more of its subsidiaries for foreign, state and local income tax purposes. Under the Tax Matters Agreement, we will pay to Clear Channel Communications the amount of federal, foreign, state and local income taxes which we would be required to pay to the relevant taxing authorities if we and our subsidiaries filed combined, consolidated or unitary tax returns and were not included in the consolidated, combined or unitary tax returns of Clear Channel Communications or its subsidiaries. In addition, by virtue of its controlling ownership and the Tax Matters Agreement, Clear

Channel Communications will effectively control all of our tax decisions. The Tax Matters Agreement provides that Clear Channel Communications will have sole authority to respond to and conduct all tax proceedings (including tax audits) relating to us, to file all income tax returns on our behalf and to determine the amount of our liability to (or entitlement to payment from) Clear Channel Communications under the Tax Matters Agreement. This arrangement may result in conflicts of interest between Clear Channel Communications and us. For example, under the Tax Matters Agreement, Clear Channel Communications will be able to choose to contest, compromise or settle any adjustment or deficiency proposed by the relevant taxing authority in a manner that may be beneficial to Clear Channel Communications and detrimental to us.

Moreover, notwithstanding the Tax Matters Agreement, federal law provides that each member of a consolidated group is liable for the group's entire tax obligation. Thus, to the extent Clear Channel Communications or other members of the group fail to make any U.S. federal income tax payments required by law, we would be liable for the shortfall. Similar principles may apply for foreign, state and local income tax purposes where we file combined, consolidated or unitary returns with Clear Channel Communications or its subsidiaries for federal, foreign, state and local income tax purposes.

If Clear Channel Communications spins off our Class B common stock to its stockholders, we have agreed in the Tax Matters Agreement to indemnify Clear Channel Communications for its tax-related liabilities in certain circumstances.

If Clear Channel Communications spins off our Class B common stock to its stockholders in a distribution that is intended to be tax-free under Section 355 of the Internal Revenue Code of 1986, as amended, which we refer to herein as the Code, we have agreed in the Tax Matters Agreement to indemnify Clear Channel Communications and its affiliates against any and all tax-related liabilities if such a spin-off fails to qualify as a tax-free distribution (including as a result of Section 355(e) of the Code) due to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the Tax Matters Agreement. If neither we nor Clear Channel Communications is responsible under the Tax Matters Agreement for any such spin-off not being tax-free under Section 355 of the Code, we and Clear Channel Communications have agreed that we will each be responsible for 50% of the tax-related liabilities arising from the failure of such a spin-off to so qualify. See "Arrangements Between Clear Channel Communications and Us — Tax Matters Agreement."

Future sales or distributions of our shares by Clear Channel Communications could depress the market price for shares of our Class A common stock.

After this offering, Clear Channel Communications may sell all or part of the shares of our common stock that it owns or distribute those shares to its stockholders, including pursuant to demand registration rights described herein. Sales or distributions by Clear Channel Communications of substantial amounts of our common stock in the public market or to its stockholders could adversely affect prevailing market prices for our Class A common stock. Clear Channel Communications has advised us that it currently intends to continue to hold all of our common stock that it owns following this offering. However, Clear Channel Communications is not subject to any contractual obligation that would prohibit it from selling, spinning off, splitting off or otherwise disposing of any shares of our common stock, except that Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any of our shares of common stock for a period of days after the date of this prospectus without the prior written consent of the underwriters, subject to certain limitations and limited exceptions. Consequently, we cannot assure you that Clear Channel Communications will maintain its ownership of our common stock after the -day period following this offering.

The terms of our arrangements with Clear Channel Communications may be more favorable than we will be able to obtain from an unaffiliated third party, and we may be unable to replace the services Clear Channel Communications provides us in a timely manner or on comparable terms.

We and Clear Channel Communications will enter into a Corporate Services Agreement and other agreements prior to the completion of this offering. Pursuant to the Corporate Services Agreement, Clear Channel Communications and its affiliates will agree to provide us with corporate services after this offering, including treasury, payroll and other financial services, executive officer services, human resources and employee benefit services, legal services, information systems and network services and procurement and sourcing support.

We are negotiating these arrangements with Clear Channel Communications in the context of a parent-subsidiary relationship. Although Clear Channel Communications will be contractually obligated to provide us with services during the term of the Corporate Services Agreement, we cannot assure you that these services will be sustained at the same level after the expiration of that agreement, or that we will be able to replace these services in a timely manner or on comparable terms. In addition, we cannot provide assurance that the amount we pay Clear Channel Communications for the services will be as favorable to us as that which may be available for comparable services provided by unrelated third parties. Other agreements with Clear Channel Communications will also govern our relationship with Clear Channel Communications after this offering and will provide for the allocation of employee benefit, tax and other liabilities and obligations attributable to our operations. The agreements also contain terms and provisions that may be more or less favorable than terms and provisions we might have obtained in arm’s length negotiations with unaffiliated third parties. If Clear Channel Communications ceases to provide services to us pursuant to those agreements, our costs of procuring those services from third parties may increase. See “Arrangements Between Clear Channel Communications and Us — Relationship with Clear Channel Communications.”

Any deterioration in the financial condition of Clear Channel Communications could adversely affect our access to the credit markets and increase our borrowing costs.

For so long as Clear Channel Communications maintains a significant interest in us, a deterioration in the financial condition of Clear Channel Communications could have the effect of increasing our borrowing costs or impairing our access to the capital markets because of our reliance on Clear Channel Communications for availability under its revolving credit facility. In addition, because the interest rate we pay on the $2.5 billion intercompany note is based on the weighted average cost of debt for Clear Channel Communications, any such deterioration would likely result in an increase in Clear Channel Communications’ cost of debt and in our interest rate. To the extent we do not pass on our increased borrowing costs to our clients, our profitability, and potentially our ability to raise capital, could be materially affected. Also, until the first date Clear Channel Communications owns less than 50% of our voting stock, pursuant to the Master Agreement between us and Clear Channel Communications, as well as pursuant to the $2.5 billion intercompany note, Clear Channel Communications will have the ability to limit our ability to incur debt or issue equity securities, which could adversely affect our ability to meet our liquidity needs or to grow our business. See “Arrangements Between Clear Channel Communications and Us” and “Description of Indebtedness.”

Risks Related to Our Class A Common Stock and This Offering

There is no existing market for our Class A common stock, and a trading market that will provide you with adequate liquidity may not develop, the price of our Class A common stock may fluctuate significantly, and you could lose all or part of your investment.

Prior to this offering, there has been no public market for our Class A common stock. We cannot predict the extent to which investor interest will lead to the development of an active and liquid trading market in our Class A common stock on the NYSE or otherwise. If an active trading market does not develop, you may have difficulty selling any of our Class A common stock that you buy.

The initial public offering price per share for our Class A common stock will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of the market price of our Class A common stock that will prevail in the trading market. The market price of our Class A common stock may decline below the initial public offering price. The market price of our Class A common stock may also be influenced by many factors, some of which are beyond our control, including:

- our quarterly or annual earnings, or those of other companies in our industry;
- our loss of a large client;
- announcements by us or our competitors of significant contracts or acquisitions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- general economic conditions;
- the failure of securities analysts to cover our Class A common stock after this offering or changes in financial estimates by analysts;
- future sales by us or other stockholders of our Class A common stock; and
- other factors described in these “Risk Factors.”

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The changes frequently appear to occur without regard to the operating performance of these companies. The price of our Class A common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price.

In the past, some companies that have had volatile market prices for their securities have been subject to securities class action suits filed against them. If a suit were to be filed against us, regardless of the outcome, it could result in substantial legal costs and a diversion of our management’s attention and resources. This could have a material adverse effect on our business, results of operations and financial condition.

Our stock ownership by Clear Channel Communications, provisions in our agreements with Clear Channel Communications and our corporate governance documents and Delaware law may delay or prevent an acquisition of us that our other stockholders may consider favorable, which could decrease the value of your shares of Class A common stock.

After this offering, for as long as Clear Channel Communications continues to own shares of our common stock representing more than 50% of the total voting power of our common stock, it will have the ability to control decisions regarding an acquisition of us by a third party. As a controlled company, we are exempt from some of the corporate governance requirements of the NYSE, including the requirement that our board of directors be comprised of a majority of independent directors. In addition, our amended and restated certificate of incorporation, bylaws and Delaware law contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These provisions include restrictions on the ability of our stockholders to remove directors, supermajority voting requirements for stockholders to amend our organizational documents, restrictions on a classified board of directors and limitations on action by our stockholders by written consent. Some of these provisions, such as the limitation on stockholder action by written consent, only become effective once Clear Channel Communications no longer controls us. In addition, our board of directors has the right to issue preferred stock without stockholder approval, which could be used to dilute the stock ownership of a potential hostile acquirer. Delaware law also imposes certain restrictions on mergers and other business combinations between any holder of 15% or more of our outstanding voting stock. These restrictions under Delaware law do not apply to Clear Channel Communications while it retains at least 15% or more of our Class B

common stock. Although we believe these provisions protect our stockholders from coercive or otherwise unfair takeover tactics and thereby provide for an opportunity to receive a higher bid by requiring potential acquirers to negotiate with our board of directors, these provisions apply even if the offer may be considered beneficial by some stockholders. See "Description of Capital Stock."

If Clear Channel Communications spins off our high vote Class B common stock to its stockholders and such shares do not convert into Class A common stock upon a sale or other transfer subsequent to such distribution, the voting rights of our Class A common stock will continue to be disproportionately lower than the voting rights of our Class B common stock.

In connection with any distribution of shares of our Class B common stock to Clear Channel Communications' common stockholders in a spin-off, Clear Channel Communications may elect in its sole discretion whether our Class B common stock so distributed will automatically convert into shares of Class A common stock upon a transfer or sale by the recipient subsequent to the spin-off or whether the Class B common stock will continue as high vote Class B common stock after the distribution. In the event the Class B common stock does not convert into Class A common stock upon a sale or transfer subsequent to a spin-off, the voting rights of Class A common stock will continue to be disproportionately lower than the voting rights of our Class B common stock. Therefore, the holders of our Class B common stock will continue to be able to direct the election of all the members of our board of directors and exercise a controlling influence over our business and affairs.

We currently do not intend to pay dividends on our Class A common stock.

We do not expect to pay dividends on our Class A common stock in the foreseeable future. We are a holding company with no independent operations and no significant assets other than the stock of our subsidiaries. We therefore are dependent upon the receipt of dividends or other distributions from our subsidiaries to pay dividends. Accordingly, if you purchase shares in this offering, the price of our Class A common stock must appreciate in order to realize a gain on your investment. This appreciation may not occur.

You will suffer an immediate and substantial dilution in the net tangible book value of the Class A common stock you purchase.

Based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, purchasers of Class A common stock in this offering will experience immediate and substantial dilution of approximately $ per share in net tangible book value of the Class A common stock.

We will incur increased costs as a result of being a public company.

The Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the Securities and Exchange Commission and New York Stock Exchange, have required changes in corporate governance practices of public companies. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. For example, when we cease to take advantage of the "controlled company" exemption available in the NYSE rules, we will have to add a number of independent directors in order that our board consist of a majority of independent directors and create additional board committees. In addition, we will incur additional costs associated with our public company reporting requirements. We also expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these new rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

If, after this offering, we are unable to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, or our internal controls over financial reporting are not effective, the reliability of our financial statements may be questioned and our stock price may suffer.

Section 404 of the Sarbanes-Oxley Act requires any company subject to the reporting requirements of the U.S. securities laws to do a comprehensive evaluation of its and its combined subsidiaries' internal controls over financial reporting. To comply with this statute, we will be required to document and test our internal control procedures; our management will be required to assess and issue a report concerning our internal controls over financial reporting; and our independent auditors will be required to issue an opinion on management's assessment of those matters. Our compliance with Section 404 of the Sarbanes-Oxley Act will first be tested in connection with the filing of our annual report on Form 10-K for the fiscal year ending December 31, 2006. The rules governing the standards that must be met for management to assess our internal controls over financial reporting are new and complex and require significant documentation, testing and possible remediation to meet the detailed standards under the rules. During the course of its testing, our management may identify material weaknesses or significant deficiencies which may not be remedied in time to meet the deadline imposed by the Sarbanes-Oxley Act. If our management cannot favorably assess the effectiveness of our internal controls over financial reporting or our auditors identify material weaknesses in our internal controls, investor confidence in our financial results may weaken, and our stock price may suffer. In connection with Clear Channel Communications' internal controls testing as of December 31, 2004, a number of control deficiencies were identified, some of which relate to our business. If these control deficiencies exist at the time our compliance with Section 404 is tested, there can be no assurance that they will not be material weaknesses.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs, savings and plans and objectives of management for future operations, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe” or “continue” or the negative thereof or variations thereon or similar terminology. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations (“cautionary statements”) are disclosed under “Risk Factors” and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements included in this prospectus.

All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to publicly update or revise forward-looking statements to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

USE OF PROCEEDS

We estimate that our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ (approximately $ if the underwriters exercise in full their option to purchase additional shares of Class A common stock), assuming an initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus.

In 2003, two intercompany notes were issued to Clear Channel Communications in the aggregate original principal amount of approximately $1.5 billion. The first intercompany note in the original principal amount of approximately $1.4 billion, the entire principal balance of which remains outstanding, matures on December 31, 2017, may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 10%. The second intercompany note in the original principal amount of $73.0 million, the entire principal balance of which remains outstanding, matures on December 31, 2017, may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 9%. See "Arrangements Between Clear Channel Communications and Us."

Assuming an initial public offering price of $, the midpoint of the range set forth on the cover page of this prospectus, we intend to use all of the net proceeds of this offering to repay approximately $ of the outstanding balances of the $1.4 billion and $73.0 million intercompany notes. Prior to such use of proceeds, the outstanding balances of the $1.4 billion and $73.0 million intercompany notes will be reduced by approximately $, the balance at , 2005 in the "Due from Clear Channel Communications" intercompany account, and approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes will be contributed to our capital by Clear Channel Communications. Upon expiration of the underwriters' option to purchase additional shares of our Class A common stock, and to the extent the underwriters do not exercise the option in full, we intend to exchange up to additional shares of our Class B common stock with Clear Channel Communications for the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes that the proceeds from the exercise of such option otherwise would have been used to repay, such that they are repaid in full. The aggregate number of shares of our Class B common stock so exchanged will equal (i) the number of additional shares of Class A common stock that the underwriters have an option to purchase, less (ii) the actual number of shares of Class A common stock that the underwriters purchase from us pursuant to the option.

Our total indebtedness after this offering and after application of all of the net proceeds of this offering to repay a portion of the intercompany indebtedness owed to Clear Channel Communications will be approximately $, approximately $2.5 billion of which will be intercompany indebtedness owed to Clear Channel Communications. See "Description of Indebtedness."

DIVIDEND POLICY

We do not anticipate paying any dividends on the shares of our common stock in the foreseeable future. If cash dividends were to be paid on our common stock, holders of Class A common stock and Class B common stock would share equally, on a per share basis, in any such cash dividend.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2005:

(i) on an actual basis;

(ii) on an as adjusted pre-offering basis, after giving effect to our distribution of an intercompany note in the original principal amount of $2.5 billion as a dividend on our common stock, which note was ultimately distributed to Clear Channel Communications; and

(iii) on an as adjusted post-offering basis, after giving effect to:

(a) the items described in (ii) above;

(b) this offering;

(c) the reduction of the outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes by approximately $, representing the balance at , 2005 in the "Due from Clear Channel Communications" intercompany account;

(d) the contribution of approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes to our capital by Clear Channel Communications;

(e) the repayment of approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million notes with all of the net proceeds of this offering assuming an offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus; and

(f) to the extent the underwriters do not exercise in full their option to purchase up to an additional shares of our Class A common stock (the proceeds of which would be used to repay the then outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes), the exchange of up to additional shares of our Class B common stock with Clear Channel Communications for the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes that the proceeds from the exercise of such option otherwise would have been used to repay, such that they are repaid in full.

You should read the information in this table in conjunction with the historical audited and unaudited combined financial statements and the accompanying notes thereto of us and our combined subsidiaries included elsewhere in this prospectus and "Use of Proceeds," "Dividend Policy," "Selected Historical Combined Financial Data," "Unaudited Pro Forma Combined Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2005		
	Actual	As Adjusted Pre-Offering	As Adjusted Post-Offering
(In thousands)	(Unaudited)	(Unaudited)	(Unaudited)
Cash and cash equivalents	$ 49,665	$ 49,665	$
Due from Clear Channel Communications	$ 319,494	$ 319,494	$
Debt:			
Credit facility	$ 53,673	$ 53,673	$
Intercompany note in the original principal amount of approximately $1.4 billion	1,390,000	1,390,000	—
Intercompany note in the original principal amount of $73.0 million	73,000	73,000	—
Intercompany note in the original principal amount of $2.5 billion(1)	—	2,500,000	2,500,000
Other borrowings	138,233	138,233	138,233
Total debt	1,654,906	4,154,906	
Owner's equity:			
Actual and as adjusted pre-offering: common stock, par value $0.01 per share; shares authorized, shares issued; as adjusted post-offering: Class A common stock and Class B common stock, each par value $0.01 per share; shares authorized, shares of Class A common stock and shares of Class B common stock issued(2)	—	—	
Additional capital paid-in	—	—	
Owner's net investment(1)	6,679,664	4,179,664	4,179,664
Retained deficit	(4,238,602)	(4,238,602)	(4,238,602)
Accumulated other comprehensive income	136,867	136,867	136,867
Total owner's equity	2,577,929	77,929	
Total capitalization	$ 4,232,835	$ 4,232,835	$

(1) On August 2, 2005, we paid a dividend of $2.5 billion on our common stock to Clear Channel Communications in the form of an intercompany note.

(2) In connection with this offering, our amended and restated certificate of incorporation provides that the shares of our common stock outstanding prior to this offering will be changed into and reclassified as shares of Class B common stock to be outstanding after this offering. After this offering, Clear Channel Communications will own all of our outstanding shares of Class B common stock.

DILUTION

Dilution is the amount by which the initial public offering price paid by the purchasers of shares of Class A common stock in this offering will exceed the net tangible book value per share of Class A common stock after this offering. The net tangible book value per share presented below equals the amount of our total tangible assets (total assets less intangible assets), less total liabilities as of June 30, 2005. As of June 30, 2005, we had a net tangible book value of $( ), or $( ) per share. On a pro forma basis, after giving effect to:

- the sale by us of shares of Class A common stock in this offering, assuming an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and the application of all of the net proceeds of this offering, after deducting underwriting discounts and estimated offering expenses, as described under "Use of Proceeds;"
- our distribution of an intercompany note in the original amount of $2.5 billion as a dividend on our common stock; and
- the repayment or contribution of the remaining outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes;

our pro forma net tangible book value as of , 2005 would have been $( ) or $( ) per share, which represents an immediate increase in net tangible book value of $ per share to Clear Channel Communications, our current stockholder, and an immediate dilution in net tangible book value of $ per share to new stockholders purchasing shares of Class A common stock in this offering.

The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		$
Net tangible book value per share as of , 2005	$	
Increase in net tangible book value per share attributable to new stockholders	$	
Pro forma net tangible book value per share after this offering		$
Dilution per share to new stockholders		$

The following table summarizes, on the same pro forma basis as of , 2005, the total number of shares of Class A common stock purchased from us, the total consideration paid to us and the average price per share paid by Clear Channel Communications, our current stockholder, and by new stockholders purchasing shares of Class A common stock in this offering:

(In millions, except percentages)	Shares Purchased		Total Consideration		
	Number	Percent	Number	Percent	Average Price per Share
Current stockholder(1)		%	$	%	$
New stockholders		%	$	%	$
Total		100%	$	100%	$

(1) After giving effect to the reclassification, in connection with this offering, of shares of our common stock into shares of Class B common stock.

The tables and calculations above exclude shares of Class A common stock reserved for issuance under our 2005 Stock Incentive Plan.

UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following table sets forth unaudited pro forma combined financial data and other information of Clear Channel Outdoor Holdings.

We have prepared our combined financial statements as if Clear Channel Outdoor Holdings had been in existence as a separate company throughout all relevant periods. The pro forma combined statement of operations data for the year ended December 31, 2004 presented below was derived from our audited combined financial statements and the accompanying notes thereto included elsewhere in this prospectus. The pro forma combined statement of operations data for the six months ended June 30, 2005 and the pro forma combined balance sheet data as of June 30, 2005 presented below were derived from our unaudited combined financial statements and the accompanying notes thereto included elsewhere in this prospectus. The operating results for the six months ended June 30, 2005 include all adjustments (consisting only of normal recurring adjustments) that we believe are necessary for a fair statement of the results for such interim period.

Results for the six months ended June 30, 2005 are not necessarily indicative of the results expected for the fiscal year ended December 31, 2005 or any future period.

Our unaudited pro forma results of operations data present our pro forma as adjusted results of operations for the year ended December 31, 2004 and the six months ended June 30, 2005:

- as if this offering had been completed on January 1, 2004, at an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and assuming:
  - the outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes issued to Clear Channel Communications are reduced by approximately $, representing the balance at , 2005 in the “Due from Clear Channel Communications” intercompany account;
  - then, approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes is contributed to our capital by Clear Channel Communications;
  - then, approximately $ of the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes is repaid with all of the net proceeds of this offering; and
  - then, to the extent the underwriters do not exercise in full their option to purchase up to an additional shares of our Class A common stock (the proceeds of which would be used to repay the then-outstanding balances under the approximately $1.4 billion and $73.0 million of intercompany notes), we exchange up to additional shares of our Class B common stock with Clear Channel Communications for the remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes that the proceeds from the exercise of such option otherwise would have been used to repay, such that the notes are repaid in full.
- after giving effect to our distribution of an intercompany note in the original principal amount of $2.5 billion as a dividend on our common stock, which note was ultimately distributed to Clear Channel Communications, as if issued to Clear Channel Communications on January 1, 2004.

Our as adjusted balance sheet and statement of operations data as of June 30, 2005 and for the six months ended June 30, 2005, present, using the same assumptions and application of estimated net proceeds described above:

- our as adjusted financial position as of June 30, 2005, as if this offering and the issuance of the $2.5 billion intercompany note had been completed on June 30, 2005; and
- our as adjusted results of operations for the six months ended June 30, 2005, as if this offering and the issuance of the $2.5 billion intercompany note had been completed on January 1, 2004.

The unaudited pro forma information set forth below is based upon available information and assumptions that we believe are reasonable. The historical financial and other data have been prepared on a combined basis from Clear Channel Communications' consolidated financial statements using the historical results of operations and bases of the assets and liabilities of Clear Channel Communications' outdoor advertising business and give effect to allocations of expenses from Clear Channel Communications. Our historical financial data will not be indicative of our future performance, nor will such data reflect what our financial position and results of operations would have been had we operated as an independent publicly traded company during the periods shown. Also, the unaudited pro forma statement of operations does not reflect estimates of one-time and ongoing incremental costs required for us to operate as a separate company, which are described in Note 1 below to the unaudited pro forma statement of operations.

You should read the information contained in this table in conjunction with "Selected Historical Combined Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical audited and unaudited combined financial statements and the accompanying notes thereto of us and our combined subsidiaries included elsewhere in this prospectus.

Unaudited Pro Forma Combined Statement of Operations

(In thousands, except per share data)	**Year Ended December 31, 2004**			**Six Months Ended June 30, 2005**		
	Historical	**Adjustments**	**Pro Forma**	**Historical**	**Adjustments**	**Pro Forma**
Statement of Operations:(1)						
Revenue	$ 2,447,040	$ —	$ 2,447,040	$ 1,263,468	$ —	$ 1,263,468
Operating expenses:						
Direct operating expenses (exclusive of depreciation and amortization)	1,262,317	—	1,262,317	915,673	—	915,673
Selling, general and administrative expenses (exclusive of depreciation and amortization)	499,457	—	499,457			
Depreciation and amortization	388,217	—	388,217	194,828	—	194,828
Corporate expenses (exclusive of depreciation and amortization)	53,770	—	53,770	26,398	—	26,398
Operating income	243,279	—	243,279	126,569	—	126,569
Interest expense	14,177	—	14,177	6,467		6,467
Intercompany interest expense	145,653	(4,795)(3)	140,858	72,828	(2,398)(3)	70,430
Equity in earnings (loss) of nonconsolidated affiliates	(76)	—	(76)	5,947	—	5,947
Other income (expense) — net	(13,341)	—	(13,341)	(6,735)	—	(6,735)
Income before income taxes and cumulative effect of a change in accounting principle	70,032	4,795	74,827	46,486	2,398	48,884
Income tax benefit (expense):						
Current	(23,422)	(1,918)(4)	(25,340)	(46,745)	(959)(4)	(47,704)
Deferred	(39,132)	—	(39,132)	11,879	—	11,879
Income before cumulative effect of a change in accounting principle	$ 7,478	$ 2,877	$ 10,355	$ 11,620	$ 1,439	$ 13,059
Basic and diluted income (loss) before cumulative effect of a change in accounting principle per common share(2)	$	$	$	$	$	$
Weighted average common shares outstanding						

Notes to Unaudited Pro Forma Combined Statement of Operations

(1) The unaudited pro forma statement of operations does not reflect the complete impact of one-time and ongoing incremental costs required for us to operate as a separate company. Clear Channel Communications allocated to us $24.7 million in 2004, $19.6 million in 2003 and $17.6 million in 2002 of expenses incurred by it for providing us accounting, treasury, tax, legal, public affairs, executive oversight, human resources and other services. Through June 30, 2005, Clear Channel Communications allocated to us $7.8 million of expenses. After this offering, we expect to continue to receive from Clear Channel Communications substantially all of these services.

(2) Basic and diluted income (loss) before cumulative effect of a change in accounting principle per common share is calculated by dividing income (loss) before cumulative effect of a change in accounting principle by the weighted average of common shares outstanding. The historic basic and diluted is based on shares outstanding and the pro forma basic and diluted is based on shares outstanding.

(3) Includes estimated annual intercompany interest expense of $140.8 million related to $2.5 billion of intercompany indebtedness incurred on August 2, 2005, at an estimated weighted average interest rate of 5.6% for the year ended December 31, 2004 and 5.6% for the six months ended June 30, 2005. The interest rate on this intercompany indebtedness is based upon the weighted average cost of funds of Clear Channel Communications, so that a change in the weighted average of cost of funds for Clear Channel Communications could change the weighted average annual interest rate. A 25 basis point change to the weighted average cost of funds of Clear Channel Communications would change our annual interest expense by $6.3 million. Also includes the elimination of intercompany interest expense incurred pursuant to intercompany indebtedness between Clear Channel Communications and us of $145.6 million for the year ended December 31, 2004 and $72.8 million for the six months ended June 30, 2005.

(4) Represents estimated tax (expense) benefit related to the estimated interest expense adjustment discussed in Note (3) above at our combined statutory rate of 40% for the year ended December 31, 2004 and 40% for the six months ended June 30, 2005.

Unaudited Pro Forma Combined Balance Sheet

(In thousands)	As of June 30, 2005 Historical	Adjustments	Pro Forma
Assets			
Current assets:			
Cash and cash equivalents	$ 49,665	$ —	$ 49,665
Accounts receivable, net	644,616	—	644,616
Due from Clear Channel Communications	319,494	(1)	
Prepaid expenses	65,525	—	65,525
Other current assets	38,339	—	38,339
Total current assets	1,117,639		
Property, plant & equipment, net	2,055,767	—	2,055,767
Intangible assets:			
Definite-lived intangibles, net	276,127	—	276,127
Indefinite-lived intangibles — permits	212,485	—	212,485
Goodwill	748,698	—	748,698
Other assets:			
Notes receivable	5,765	—	5,765
Investments in, and advances to, nonconsolidated affiliates	177,042	—	177,042
Deferred tax asset	243,251	—	243,251
Other assets	254,775	—	254,775
Other investments	821	—	821
Total assets	$ 5,092,370	$	$
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable	$ 201,928	$ —	$ 201,928
Accrued expenses	253,687	—	253,687
Accrued interest	1,133	—	1,133
Accrued income taxes	34,279	—	34,279
Deferred income	102,301	—	102,301
Current portion of long-term debt	130,431	—	130,431
Total current liabilities	723,759	—	723,759
Long-term debt	61,475	—	61,475
Debt with Clear Channel Communications	1,463,000	2,500,000 (2)	
		(1,390,000)(2)	
		(73,000)(2)	
Other long-term liabilities	205,333	—	205,333
Minority interest	60,874	—	60,874
Owner's equity:			
Class A common stock	—	(3)	
Class B common stock	—	(4)	
Additional paid-in capital	—	(2,500,000)(5)	
		1,390,000 (5)	
		73,000 (5)	
		(5)	
		(5)	
Owner's net investment	6,679,664	(6)	
Retained deficit	(4,238,602)	—	(4,238,602)
Accumulated other comprehensive income	136,867	—	136,867
Total owner's equity	2,577,929		
Total liabilities and owner's equity	$ 5,092,370	$	$

Notes to Unaudited Pro Forma Combined Balance Sheet

(1) From June 30, 2005 through the date we complete this offering, we are recording intercompany transactions with Clear Channel Communications in "Due from Clear Channel Communications." The balance in the "Due from Clear Channel Communications" intercompany account of approximately $ on , 2005 will be settled by reducing the outstanding balances of the approximately $1.4 billion and $73.0 million intercompany notes by such amount.

(2) On August 2, 2005, we distributed an intercompany note in the original principal amount of $2.5 billion as a dividend on our common stock, which note was ultimately distributed to Clear Channel Communications. All of the net proceeds from this offering will be used to repay approximately $, assuming the initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus, of the outstanding balances of the $1.4 billion and $73.0 million intercompany notes. The remaining outstanding balances of the $1.4 billion and $73.0 million intercompany notes will otherwise be extinguished.

(3) Represents the par value of shares of Class A common stock issued in connection with this offering.

(4) Prior to this offering, shares of our common stock held by Clear Channel Communications will be converted into approximately shares of Class B common stock.

(5) Represents (i) the net impact of the incurrence of an additional $2.5 billion of intercompany debt on August 2, 2005, and the extinguishment of all of the $1.4 billion and $73.0 million intercompany notes, (ii) the reclassification of "Owners' net investment" into "Additional paid-in capital," and (iii) the receipt by us of approximately $ in this offering net of the par value of our Class A common stock issued in connection therewith.

(6) Represents a reclassification into "Additional paid-in capital."

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The historical financial and other data have been prepared on a combined basis from Clear Channel Communications combined financial statements using the historical results of operations and bases of the assets and liabilities of Clear Channel Communications' outdoor advertising businesses and give effect to allocations of expenses from Clear Channel Communications. Our historical financial data will not be indicative of our future performance nor will such data reflect what our financial position and results of operations would have been had we operated as an independent publicly traded company during the periods shown.

We have prepared our combined financial statements as if Clear Channel Outdoor Holdings had been in existence as a separate company throughout all relevant periods. The results of operations data, segment data and cash flow data for the years ended December 2001 and 2000 and for the six months ended June 30, 2005 and 2004 and the combined balance sheet data as of December 31, 2001 and 2000 and as of June 30, 2005 and 2004 presented below were derived from our unaudited combined financial statements and the accompanying notes thereto included elsewhere is this prospectus. The results of operations data, segment data and cash flow data for the years ended December 31, 2004, 2003 and 2002 and the balance sheet data as of December 31, 2004 and 2003 presented below were derived from our audited combined financial statements and the accompanying notes thereto included elsewhere is this prospectus. The combined balance sheet data as of December 31, 2002 is derived from our audited financial statements. The operating results for the six months ended June 30, 2005 and 2004 include all adjustments (consisting only of normal recurring adjustments) that we believe are necessary for a fair statement of the results for such interim periods.

Results for the six months ended June 30, 2005 are not necessarily indicative of the results expected for the fiscal year ending December 31, 2005 or any future period.

You should read the information contained in this table in conjunction with "Capitalization," "Unaudited Pro Forma Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical audited and unaudited combined financial statements and the accompanying notes thereto of us and our combined subsidiaries included elsewhere in this prospectus.

The following table presents a non-GAAP financial measure, OIBDAN, which we use to evaluate segment and combined performance of our business. OIBDAN is not calculated or presented in accordance with U.S. generally accepted accounting principles, or GAAP. In Note 3 and "— Non-GAAP Financial Measure" below, we explain OIBDAN and reconcile it to operating income (loss), its most directly comparable financial measure calculated and presented in accordance with GAAP.

(In thousands, except per share data)	Year Ended December 31, 2000 (Unaudited)	2001 (Unaudited)	2002	2003	2004	Six Months Ended June 30, 2004 (Unaudited)	2005 (Unaudited)
Results of Operations Data:							
Revenue	$ 1,729,438	$ 1,748,030	$ 1,859,641	$ 2,174,597	$ 2,447,040	$ 1,161,142	$ 1,263,468
Operating expenses:							
Direct operating expenses (exclusive of depreciation and amortization)	761,312	861,854	957,830	1,133,386	1,262,317	843,998	915,673
Selling, general and administrative expenses (exclusive of depreciation and amortization)	323,871	355,370	392,803	456,893	499,457		
Depreciation and amortization	437,349	559,498	336,895	379,640	388,217	192,556	194,828
Corporate expenses (exclusive of depreciation and amortization)	52,431	62,266	52,218	54,233	53,770	26,537	26,398
Operating income (loss)	154,475	(90,958)	119,895	150,445	243,279	98,051	126,569
Interest expense	23,037	13,331	11,623	14,201	14,177	7,275	6,467
Intercompany interest expense	178,253	220,798	227,402	145,648	145,653	72,826	72,828
Equity in earnings (loss) of nonconsolidated affiliates	5,888	(4,422)	3,620	(5,142)	(76)	4,787	5,947
Other income (expense) — net	(4,593)	(13,966)	9,164	(8,595)	(13,341)	(11,638)	(6,735)
Income (loss) before income taxes and cumulative effect of a change in accounting principle	(45,520)	(343,475)	(106,346)	(23,141)	70,032	11,099	46,486
Income tax benefit (expense):							
Current	(4,824)	68,101	72,008	12,092	(23,422)	3,537	(46,745)
Deferred	(37,640)	(5,199)	(21,370)	(23,944)	(39,132)	(11,777)	11,879
Income (loss) before cumulative effect of a change in accounting principle	(87,984)	(280,573)	(55,708)	(34,993)	7,478	2,859	11,620
Cumulative effect of a change in accounting principle, net of tax of $504,927 in 2002 and $113,173 in 2004(1)	—	—	(3,527,198)	—	(162,858)	—	—
Net income (loss)	$ (87,984)	$ (280,573)	$ (3,582,906)	$ (34,993)	$ (155,380)	$ 2,859	$ 11,620
Basic and diluted income (loss) before cumulative effect of a change in accounting principle per common share(2)	$	$	$	$	$	$	$

(In thousands, except per share data)	Year Ended December 31,					Six Months Ended June 30,	
	2000	2001	2002	2003	2004	2004	2005
	(Unaudited)	(Unaudited)				(Unaudited)	(Unaudited)
Segment Data:							
Revenue:							
Domestic	$ 885,563	$ 880,720	$ 911,493	$ 1,006,376	$ 1,092,089	$ 514,603	$ 568,944
International	843,875	867,310	948,148	1,168,221	1,354,951	646,539	694,524
Total revenue	$ 1,729,438	$ 1,748,030	$ 1,859,641	$ 2,174,597	$ 2,447,040	$ 1,161,142	$ 1,263,468
Operating income (loss):							
Domestic	$ 168,872	$ 30,767	$ 174,381	$ 215,485	$ 263,772	$ 115,911	$ 154,479
International	38,034	(59,459)	(2,268)	(10,807)	33,277	8,677	(1,512)
Corporate	(52,431)	(62,266)	(52,218)	(54,233)	(53,770)	(26,537)	(26,398)
Total operating income (loss)	$ 154,475	$ (90,958)	$ 119,895	$ 150,445	$ 243,279	$ 98,051	$ 126,569
Cash Flow Data:							
Cash flow provided by (used in):							
Operating activities			$ 320,235	$ 433,459	$ 492,495	$ 199,957	$ 167,289
Investing activities			$ (430,844)	$ (230,162)	$ (310,658)	$ (143,769)	$ (148,235)
Financing activities			$ 173,193	$ (222,491)	$ (182,006)	$ (50,147)	$ 1,045
Capital expenditures			$ 290,187	$ 205,145	$ 176,140	$ 76,900	$ 77,883
Other Data:							
OIBDAN(3)							
Domestic	$ 435,299	$ 362,604	$ 354,328	$ 409,722	$ 450,494	$ 210,127	$ 240,831
International	208,956	168,202	154,680	174,596	234,888	107,067	107,298
Corporate	(52,431)	(62,266)	(52,218)	(54,233)	(53,770)	(26,537)	(26,398)
Total OIBDAN(3)	$ 591,824	$ 468,540	$ 456,790	$ 530,085	$ 631,612	$ 290,657	$ 321,731

(In thousands)	As of December 31,					As of June 30,	
	2000	2001	2002	2003	2004	2004	2005
	(Unaudited)	(Unaudited)				(Unaudited)	(Unaudited)
Balance Sheet Data:							
Cash and cash equivalents	$ 19,183	$ —	$ 45,741	$ 34,105	$ 37,948	$ 40,296	$ 49,665
Current assets	588,998	642,536	753,289	958,669	1,107,240	1,004,451	1,117,639
Property, plant and equipment — net	2,330,256	2,039,002	2,213,817	2,264,106	2,195,985	2,146,441	2,055,767
Total assets	7,705,526	7,807,624	4,926,205	5,232,820	5,240,933	5,194,989	5,092,370
Current liabilities	1,769,959	1,825,904	642,330	736,202	749,055	735,419	723,759
Long-term debt, including current maturities	1,490,135	1,526,427	1,713,493	1,670,017	1,639,380	1,679,993	1,654,906
Total liabilities	2,352,752	2,394,226	2,347,262	2,472,656	2,511,280	2,457,406	2,514,441
Owner's equity	5,352,774	5,413,398	2,578,943	2,760,164	2,729,653	2,737,583	2,577,929
Total liabilities and owner's equity	$ 7,705,526	$ 7,807,624	$ 4,926,205	$ 5,232,820	$ 5,240,933	$ 5,194,989	$ 5,092,370

(1) Cumulative effect of change in accounting principle for the year ended December 31, 2002, related to an impairment of goodwill recognized in accordance with the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Cumulative effect of change in accounting principle for the year ended December 31, 2004, related to a non-cash charge

recognized in accordance with the adoption of Topic D-108, *Use of Residual Method to Value Acquired Assets other than Goodwill*. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates — Indefinite-lived Assets.”

(2) Basic and diluted income (loss) before cumulative effect of a change in accounting principle per share is calculated by dividing income (loss) before cumulative effect of a change in accounting principle by the weighted average common shares outstanding. The basic and diluted is based on shares outstanding.

(3) We evaluate segment and combined performance based on several factors, one of the primary measures of which is operating income (loss) before depreciation, amortization and non-cash compensation expense, which we refer to as OIBDAN.

See “— Non-GAAP Financial Measure” below, “Unaudited Pro Forma Combined Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Use of OIBDAN.”

Non-GAAP Financial Measure

In addition to operating income, we evaluate segment and combined performance based on other factors, one primary measure of which is operating income (loss) before depreciation, amortization and non-cash compensation expense, which we refer to as OIBDAN. We use OIBDAN as a measure of the operational strengths and performance of our business and not as a measure of liquidity. However, a limitation of the use of OIBDAN as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Accordingly, OIBDAN should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. Furthermore, this measure may vary among other companies; thus, OIBDAN as presented below may not be comparable to similarly titled measures of other companies.

We believe OIBDAN is useful to investors and other external users of our financial statements in evaluating our operating performance because it is widely used in the outdoor advertising industry to measure a company’s operating performance and it helps investors more meaningfully evaluate and compare the results of our operations from period to period and with those of other companies in the outdoor advertising industry (to the extent the same components of OIBDAN are used), in each case without regard to items such as non-cash depreciation and amortization and non-cash compensation expense, which can vary depending upon the accounting method used and the book value of assets.

Our management uses OIBDAN (i) as a measure for planning and forecasting overall and individual expectations and for evaluating actual results against such expectations, (ii) as a basis for incentive bonuses paid to our executive officers and our branch managers and (iii) in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management.

The following table presents a reconciliation of OIBDAN to operating income, which is a GAAP measure of our operating results:

	Year Ended December 31,					Six Months Ended June 30,	
	2000	2001	2002	2003	2004	2004	2005
(In thousands)	(Unaudited)	(Unaudited)				(Unaudited)	(Unaudited)
Reconciliation of OIBDAN to operating income:							
Combined:							
OIBDAN	$ 591,824	$ 468,540	$ 456,790	$ 530,085	$ 631,612	$ 290,657	$ 321,731
Depreciation and amortization	437,349	559,498	336,895	379,640	388,217	192,556	194,828
Non-cash compensation	—	—	—	—	116	50	334
Operating income	$ 154,475	$ (90,958)	$ 119,895	$ 150,445	$ 243,279	$ 98,051	$ 126,569
Domestic:							
OIBDAN	$ 435,299	$ 362,604	$ 354,328	$ 409,722	$ 450,494	$ 210,127	$ 240,831
Depreciation and amortization	266,428	331,837	179,947	194,237	186,620	94,173	86,091
Non-cash compensation	—	—	—	—	102	43	261
Operating income	$ 168,871	$ 30,767	$ 174,381	$ 215,485	$ 263,772	$ 115,911	$ 154,479
International:							
OIBDAN	$ 208,956	$ 168,202	$ 154,680	$ 174,596	$ 234,888	$ 107,067	$ 107,298
Depreciation and amortization	170,921	227,661	156,948	185,403	201,597	98,383	108,737
Non-cash compensation	—	—	—	—	14	7	73
Operating income	$ 38,035	$ (59,459)	$ (2,268)	$ (10,807)	$ 33,277	$ 8,677	$ (1,512)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Management's discussion and analysis, or MD&A, of our financial condition and results of operations is provided as a supplement to the audited annual financial statements and unaudited interim financial statements and accompanying notes thereto included elsewhere in this prospectus to help provide an understanding of our financial condition, changes in our financial condition and results of our operations. The information included in MD&A should be read in conjunction with the annual and interim financial statements. MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, as well as other matters that we believe are important in understanding our results of operations and financial condition and in anticipating future trends.
- *Results of operations.* This section provides an analysis of our results of operations for the six months ended June 30, 2005 and 2004 and the years ended December 31, 2004, 2003 and 2002. Our discussion is presented on both a combined and segment basis. Our reportable operating segments are domestic and international. Approximately 95% of our 2004 domestic revenues were derived from the United States, with the balance derived from Canada and Latin America. Approximately 52% of our 2004 international revenues were derived from France and the United Kingdom. One measure we use to manage our segments is operating income. Corporate expenses, interest expense, equity in earnings (loss) of nonconsolidated affiliates, other income (expense) — net, income taxes and cumulative effect of change in accounting principle are managed on a total company basis and are, therefore, included only in our discussion of combined results.
- *Financial condition and liquidity.* This section provides a discussion of our financial condition as of June 30, 2005 and December 31, 2004, as well as an analysis of our cash flows for the six months ended June 30, 2005 and 2004 and the years ended December 31, 2004 and 2003. The discussion of our financial condition and liquidity includes summaries of (i) our primary sources of liquidity, (ii) our key debt covenants and (iii) our outstanding debt and commitments (both firm and contingent) that existed as of June 30, 2005.
- *Seasonality.* This section discusses seasonal performance of our domestic and international segments.
- *Market risk management.* This section discusses how we manage exposure to potential losses arising from adverse changes in foreign currency exchange rates and interest rates.
- *Critical accounting estimates.* This section discusses accounting policies considered to be important to our financial condition and results of operations and which require significant judgment and estimates on the part of management in their application. In addition, all of our significant accounting policies, including our critical accounting policies, are summarized in Note A to our combined financial statements included elsewhere in this prospectus.

OVERVIEW

Description of Business

Our revenues are derived from selling advertising space on the more than 820,000 displays that we own or operate in key markets worldwide, consisting primarily of billboards, street furniture displays and transit displays. We own the majority of our advertising displays, which typically are located on sites that we either lease or own or for which we have acquired permanent easements. Our advertising contracts with clients typically outline the number of displays reserved, the duration of the advertising campaign and the

unit price per display. The margins on our billboard contracts tend to be higher than those on contracts for our other displays.

Generally, our advertising rates are based on the "gross rating points," or total number of impressions delivered expressed as a percentage of a market population, of a display or group of displays. The number of "impressions" delivered by a display is measured by the number of people passing the site during a defined period of time and, in some international markets, is weighted to account for such factors as illumination, proximity to other displays and the speed and viewing angle of approaching traffic. To monitor our business, management typically reviews the average rates, average revenues per display, occupancy and inventory levels of each of our display types by market. In addition, because a significant portion of our advertising operations are conducted in foreign markets, principally France and the United Kingdom, management reviews the operating results from our foreign operations on a constant dollar basis. A constant dollar basis allows for comparison of operations independent of foreign exchange movements. Because revenue-sharing and minimum guaranteed payment arrangements are more prevalent in our international operations, the margins in our international operations typically are less than the margins in our domestic operations. Foreign currency transaction gains and losses, as well as gains and losses from translation of financial statements of subsidiaries and investees in highly inflationary countries, are included in operations.

The significant expenses associated with our operations include (i) direct production, maintenance and installation expenses, (ii) site lease expenses for land under our displays and (iii) revenue-sharing or minimum guaranteed amounts payable under our street furniture and transit display contracts. Our direct production, maintenance and installation expenses include costs for printing, transporting and changing the advertising copy on our displays, the related labor costs, the vinyl and paper costs and the costs for cleaning and maintaining our displays. Vinyl and paper costs vary according to the complexity of the advertising copy and the quantity of displays. Our site lease expenses include lease payments for use of the land under our displays, as well as any revenue-sharing arrangements we may have with the landlords. The terms of our domestic site leases typically range from one month to over 50 years, and typically provide for renewal options. Internationally, the terms of our site leases typically range from three to ten years, but may vary across our networks.

We have long-standing relationships with a diversified group of local, regional and national advertising brands and agencies in the United States and worldwide.

Relationship with Clear Channel Communications

Clear Channel Communications has advised us that its current intent is to continue to hold all of our Class B common stock owned by it after this offering and thereby retain its controlling interest in us. However, Clear Channel Communications is not subject to any contractual obligation that would prohibit it from selling, spinning off, splitting off or otherwise disposing of any shares of our common stock, except that Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any shares of our common stock for a period of days after the date of this prospectus without the prior written consent of the underwriters, subject to certain limitations and limited exceptions. See "Underwriting."

Factors Affecting Results of Operations and Financial Condition

Our revenues are derived primarily from the sale of advertising space on displays that we own and operate in key markets worldwide, and our operating results are therefore affected by general economic conditions, as well as trends in the out-of-home advertising industry.

The outdoor advertising industry is significantly influenced by general local and national economic conditions, as well as the general advertising environment in individual markets. For instance, weak national advertising and a difficult competitive environment in France have led to a decline in our revenues of approximately $15.9 million for the six months ended June 30, 2005, as compared to the same period for the prior year. In July 2005, we announced a plan to restructure our French operations to reduce

approximately 6% of our French workforce and streamline our operations, which we anticipate will provide cost savings over the next three years. In connection with this restructuring effort, we recorded approximately $25.0 million as a component of selling, general and administrative expenses.

Government regulation and geopolitical events also impact the outdoor advertising industry. In certain markets, deregulation of the advertising industry may have a negative impact on our revenues. For example, recent changes in French regulation will allow advertisers to place retail advertisements on television by January 1, 2007. We anticipate that such changes will impact our national advertising revenues derived from France as a portion of French retail advertising dollars shift from outdoor media to television. National retail advertising in France is approximately 2% of our consolidated global revenues.

The outdoor advertising industry is also influenced by the commuting habits of the general population. Population growth and increasing drive and other commute times are key growth drivers for us. Outdoor advertising provides advertisers the ability to capture a growing mobile audience base that spends an increasing amount of time out-of-home. Technological advances also provide opportunities in the outdoor advertising industry. For example, digital display capabilities offer innovative advances in electronic displays. We recently converted seven billboards in the Cleveland area from standard to digital formats and have experienced increases in revenues from those displays. Technological advances are also expected to allow us to quickly and frequently change advertisements on displays, facilitating our transition from selling an advertiser display space to selling an advertiser time on multiple displays.

There are several additional factors that could materially impact our results of operations. See “Risk Factors” for a more comprehensive list of these factors.

Basis of Presentation

Our combined financial statements have been derived from the financial statements and accounting records of Clear Channel Communications, principally from the statements and records representing Clear Channel Communications’ Outdoor Segment, using the historical results of operations and historical bases of assets and liabilities of our business. The combined statements of operations include expense allocations for certain corporate functions historically provided to us by Clear Channel Communications. These allocations were made on a specifically identifiable basis or using relative percentages of headcount as compared to Clear Channel Communications’ other businesses or other methods. We and Clear Channel Communications considered these allocations to be a reflection of the utilization of services provided. Our expenses as a separate, stand-alone company may be higher or lower than the amounts reflected in the combined statements of operations. Additionally, Clear Channel Communications primarily uses a centralized approach to cash management and the financing of its operations with all related acquisition activity between Clear Channel Communications and us reflected in our owner’s equity as “Owner’s net investment” while all other cash transactions are recorded as part of “Due from Clear Channel Communications” on our combined balance sheets.

We will incur increased costs as a result of becoming an independent publicly traded company, primarily from audit fees paid to our independent public accounting firm, Public Company Accounting Oversight Board fees, the hiring of additional staff to fulfill reporting requirements of a public company, NYSE listing fees and shareholder communications fees. Under the Corporate Services Agreement, we will bear the costs of certain services continued to be provided to us by Clear Channel Communications. We believe cash flow from operations will be sufficient to fund these additional corporate expenses.

Under the Corporate Services Agreement, Clear Channel Communications will allocate to us our share of costs for services provided on our behalf based on actual direct costs incurred by Clear Channel Communications or an estimate of Clear Channel Communications’ expenses incurred on our behalf. For the years ended December 31, 2004, 2003 and 2002, we recorded approximately $24.7 million, $19.6 million and $17.6 million, respectively, and for the six months ended June 30, 2005 and 2004, we recorded approximately $7.8 million and $8.2 million, respectively, as a component of corporate expenses for these services. As mentioned above, we will incur additional expenses associated with being an

independent publicly traded company that were not incurred by Clear Channel Communications in the past. See "Arrangements Between Clear Channel Communications and Us."

We do not believe that becoming an independent publicly traded company will have an adverse effect on our growth rates in the future because we will be comprised of substantially the same business as the outdoor segment of Clear Channel Communications, and Clear Channel Communications will retain a significant financial interest in us immediately after the offering. Our success will continue to be highly dependent on the overall health of the local and national economies in which we operate and the overall health of the advertising environment in each of our markets. We believe that being a publicly traded company will provide a stock-based currency that could potentially be used to raise capital and to more closely align our management and employee incentives with our business performance.

We believe the assumptions underlying the combined financial statements are reasonable. However, the combined financial statements may not necessarily reflect our results of operations, financial position and cash flows in the future or what our results of operations, financial position and cash flows would have been had we been a separate, stand-alone company during the periods presented.

RESULTS OF OPERATIONS

Combined Results of Operations

The following table summarizes our historical results of operations:

	Six Months Ended June 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
(In thousands)	(Unaudited)	(Unaudited)			
Revenues	$ 1,263,468	$ 1,161,142	$ 2,447,040	$ 2,174,597	$ 1,859,641
Operating expenses:					
Direct operating expenses	915,673	843,998	1,262,317	1,133,386	957,830
Selling, general and administrative expenses			499,457	456,893	392,803
Depreciation and amortization	194,828	192,556	388,217	379,640	336,895
Corporate expenses	26,398	26,537	53,770	54,233	52,218
Operating income	126,569	98,051	243,279	150,445	119,895
Interest expense (including intercompany)	79,295	80,101	159,830	159,849	239,025
Equity in earnings (loss) of nonconsolidated affiliates	5,947	4,787	(76)	(5,142)	3,620
Other income (expense) — net	(6,735)	(11,638)	(13,341)	(8,595)	9,164
Income (loss) before income taxes and cumulative effect of a change in accounting principle	46,486	11,099	70,032	(23,141)	(106,346)
Income tax (expense) benefit:					
Current	(46,745)	3,537	(23,422)	12,092	72,008
Deferred	11,879	(11,777)	(39,132)	(23,944)	(21,370)
Income (loss) before cumulative effect of a change in accounting principle	11,620	2,859	7,478	(34,993)	(55,708)
Cumulative effect of a change in accounting principle, net of tax of $113,173 in 2004 and $504,927 in 2002	—	—	(162,858)	—	(3,527,198)
Net income (loss)	$ 11,620	$ 2,859	$ (155,380)	$ (34,993)	$ (3,582,906)

Revenues

Our revenues increased approximately $102.3 million, or 9%, during the six months ended June 30, 2005 as compared to the same period of 2004. Included in these results is approximately $32.2 million from increases in foreign exchange as compared to the second quarter of 2004. Our domestic operations contributed approximately $54.3 million to the increase primarily from increased bulletin revenues related to rate increases. In addition to foreign exchange, our international operations contributed approximately $15.8 million to the increase, principally from increased revenues from our street furniture and transit displays primarily related to rate increases. Partially offsetting the growth was a decline in revenues of approximately $15.9 million from our media products in France as a result of a difficult competitive environment.

Our revenues increased approximately $272.4 million, or 13%, during 2004 as compared to 2003. Included in the increase is approximately $128.6 million from foreign exchange increases. Our domestic operations contributed approximately $85.7 million to the increase, primarily from increased rates on our bulletin and poster inventory. In addition to foreign exchange, our international operations contributed

$58.1 million to the increase, principally from street furniture sales as a result of an increase in average revenue per display.

Our revenues increased approximately $315.0 million, or 17%, during 2003 as compared to 2002. Included in the increase is approximately $169.9 million from foreign exchange increases. Our domestic operations contributed approximately $94.9 million to the increase, primarily from increased rates and occupancy on our bulletin inventory and our acquisition of The Ackerley Group in June 2002, which contributed approximately $35.4 million for the six months ended June 30, 2003. In addition to foreign exchange, our international operations contributed approximately $50.2 million to the increase, principally from street furniture sales as a result of an increase in the number of displays and average revenue per display.

Direct Operating Expenses

Direct operating expenses increased $128.9 million, or 11%, during 2004 as compared to 2003. Included in the increase is approximately $76.0 million from foreign exchange increases. Our domestic operations contributed approximately $33.6 million primarily from increased site lease rent expense. In addition to foreign exchange, our international operations contributed approximately $19.3 million, principally from higher site lease rent expense and approximately $6.2 million from the consolidation of a joint venture.

Direct operating expenses increased $175.6 million, or 18%, during 2003 as compared to 2002. Included in the increase is approximately $102.0 million from foreign exchange increases. Our domestic operations contributed approximately $36.1 million, primarily from our acquisition of The Ackerley Group, which contributed approximately $19.3 million in direct operating expenses during the six months ended June 30, 2003. In addition to foreign exchange, our international operations contributed approximately $37.5 million to the increase principally from higher site lease rent expense.

Selling, General and Administrative Expenses (SG&A)

SG&A increased approximately $42.6 million, or 9%, during 2004 as compared to 2003. Included in the increase is approximately $31.3 million from foreign exchange increases. Our domestic operations contributed approximately $11.4 million primarily from commission expenses associated with the increase in revenue. In addition to foreign exchange, our international operations SG&A declined approximately $0.1 million. The decline is primarily due to a restructuring charge of $13.8 million in France taken during 2003, partially offset by a restructuring charge of $4.1 million in Spain taken during 2004, $2.6 million associated with the consolidation of a joint venture, as well as increased commission expenses associated with the increase in revenue during 2004.

SG&A increased approximately $64.1 million, or 16%, during 2003 as compared to 2002. Included in the increase is approximately $43.2 million from foreign exchange increases. Our domestic operations contributed approximately $3.4 million primarily from increased commission expenses associated with the increase in revenue. In addition to foreign exchange, in 2003 our international operations contributed approximately $17.5 million principally from a restructuring charge in France of approximately $13.8 million taken during 2003.

Our branch managers have historically followed a corporate policy allowing Clear Channel Communications to use, without charge, domestic displays that they or their staff believe would otherwise be unsold. Our sales personnel receive partial revenue credit for that usage for compensation purposes. This partial revenue credit is not included in our reported revenues. Clear Channel Communications bears the cost of producing the advertising and we bear the costs of installing and removing this advertising. In 2004, we estimated that these discounted revenues would have been less than 3% of our domestic revenues. Under the Master Agreement, this policy will continue.

Depreciation and Amortization

Depreciation and amortization increased approximately $8.6 million in 2004 as compared to 2003. The increase is primarily attributable to approximately $3.0 million related to damage from the hurricanes that struck Florida and the Gulf Coast during the third quarter of 2004 and approximately $18.8 million from fluctuations in foreign exchange rates that impacted our international segment, largely offset by accelerated depreciation on display takedowns and abandonments of approximately $17.1 million recognized during 2003 that did not reoccur during 2004.

Depreciation and amortization increased approximately $42.7 million in 2003 as compared to 2002. The increase is primarily attributable to approximately $25.0 million from foreign exchange increases, increased display takedowns in 2003 as compared to 2002 of approximately $12.2 million and our acquisition of The Ackerley Group in June 2002 which contributed approximately $2.4 million.

Corporate Expenses

Clear Channel Communications provides management services to us, which include, among other things, (i) treasury, payroll and other financial related services, (ii) executive officer services, (iii) human resources and employee benefits services, (iv) legal, public affairs and related services, (v) information systems, network and related services, (vi) investment services, (vii) corporate services and (viii) procurement and sourcing support services. These services are allocated to us based on actual direct costs incurred or on Clear Channel Communications' estimate of expenses relative to a seasonally adjusted headcount. For the years ended December 31, 2004, 2003 and 2002, we recorded approximately $24.7 million, approximately $19.6 million and approximately $17.6 million, respectively, as a component of corporate expenses for these services.

Interest Expense (Including Intercompany)

Throughout 2002, we had in place a revolving demand promissory note with Clear Channel Communications. Effective December 31, 2002, Clear Channel Communications capitalized amounts included in the revolving demand promissory note into two fixed principal and interest rate notes. The first note is in the original principal amount of approximately $1.4 billion and accrues interest at a per annum rate of 10%. The second note is in the original principal amount of $73.0 million and accrues interest at a per annum rate of 9%. This capitalization effectively lowered our interest expense for the years ended December 31, 2004 and 2003 as compared to 2002 because the revolving demand promissory note had a higher average balance than the two fixed rate promissory notes.

Other Income (Expense) — Net

The principal components of other income (expense) — net were:

(In millions)	Year Ended December 31,		
	2004	2003	2002
Royalty fee	$ (15.8)	$ (14.1)	$ —
Gain on sale of operating and fixed assets	11.7	11.1	7.1
Transitional asset retirement obligation	—	(7.0)	—
Minority interest	(7.6)	(3.9)	1.8
Other	(1.6)	5.3	.3
Total other income (expense) — net	$ (13.3)	$ (8.6)	$ 9.2

The royalty fee represents payments to Clear Channel Communications for our use of certain trademarks and licenses.

Income Taxes

Our operations are included in a consolidated income tax return filed by Clear Channel Communications. However, for our financial statements, our provision for income taxes was computed on the basis that we file separate consolidated income tax returns with our subsidiaries.

Current tax expense for the six months ended June 30, 2005 increased approximately $50.3 million as compared to the six months ended June 30, 2004. This increase is primarily due to approximately $35.4 million increase in Income before income taxes for the six months ended June 30, 2005 as compared to the six months ended June 30, 2004. In addition, current tax expense from foreign operations increased approximately $10.7 million during the current period as compared to the prior period primarily due to a change in local country tax law that resulted in the recognition of additional current tax expense and less deferred tax expense for the six months ended June 30, 2005. During the six months ended June 30, 2004, current tax expense was reduced by amounts associated with the disposition of certain assets.

Deferred tax benefit for the six months ended June 30, 2005 was approximately $11.9 million. For the six months ended June 30, 2004, we recorded deferred tax expense of approximately $11.8 million. In addition to the impact of the change in local country tax mentioned above, the deferred tax benefit related to our foreign operations also increased during the six months ended June 30, 2005 as we reversed certain deferred tax liabilities in order to properly reflect the amount that the we will owe in the future. The six months ended June 30, 2004 includes additional deferred tax expense of $5.1 million related to the disposition of certain assets.

Our effective tax rate for the year ended December 31, 2004 was 89%. The effective tax rate is a result of our mix of earnings and losses in foreign jurisdictions and certain deferred tax adjustments necessary to transition from being a wholly-owned subsidiary and certain other impacting events.

Current and deferred foreign tax expense of $16.6 million was recorded on certain international subsidiaries generating net positive taxable income. There were no current and deferred foreign tax benefits recorded on certain international subsidiaries generating taxable losses due to the uncertainty of the ability to utilize such losses within the applicable carryforward periods. The impact of the foregoing provides for foreign tax expense of $16.6 million on foreign pre-tax earnings of $14.8 million, which is an effective tax rate of 112.2% The foreign tax rate in combination with certain adjustments to our domestic effective tax rate related to (i) additional state deferred tax expense necessary to adjust state deferred tax assets to an amount expected to be recoverable in future years considering the pending Clear Channel Communications group structure changes, and (ii) additional current tax expense of approximately $6.3 million necessary to accrue for tax and interest on ongoing tax contingencies, contribute to our overall effective tax rate for the period.

During 2003, we recorded additional current tax expense due to certain tax contingencies of approximately $10.1 million. In addition, we did not record a tax benefit on certain tax losses from our foreign operations due to the uncertainty of the ability to utilize those tax losses in the future. As a result of the above items, our effective tax rate of negative 51% resulted in an income tax expense of approximately $11.9 million on an approximately $23.1 million loss before income taxes and cumulative effect of a change in accounting principle for the year ended December 31, 2003.

During 2002, we recorded a tax benefit from foreign operations of approximately $17.0 million on foreign income before income tax of approximately $7.6 million. The tax benefit was the result of the blending of income taxed in low tax rate jurisdictions and losses benefited in high tax rate jurisdictions.

Cumulative Effect of a Change in Accounting Principle

The SEC staff issued Staff Announcement No. D-108, *Use of the Residual Method to Value Acquired Assets Other Than Goodwill*, at the September 2004 meeting of the Emerging Issues Task Force which we adopted in the fourth quarter of 2004. The Staff Announcement states that the residual method should no longer be used to value intangible assets other than goodwill. Rather, a direct method should be used to determine the fair value of all intangible assets other than goodwill required to be recognized

under Statement of Financial Accounting Standards No. 141, *Business Combinations*. Our adoption of the Staff Announcement resulted in an aggregate carrying value of our domestic permits that was in excess of their fair value. The Staff Announcement requires us to report the excess value of approximately $162.9 million, net of tax, as a cumulative effect of a change in accounting principle.

The loss recorded as a cumulative effect of a change in accounting principle during 2002 relates to our adoption of Statement 142 on January 1, 2002. Statement 142 required that we test goodwill and permits for impairment using a fair value approach. As a result of the goodwill test, we recorded a non-cash, net of tax, impairment charge of approximately $3.5 billion. As required by Statement 142, a subsequent impairment test was performed at October 1, 2002, which resulted in no additional impairment charge. The non-cash impairment of our goodwill was generally caused by unfavorable economic conditions, which persisted throughout 2001. This weakness contributed to our clients' reducing the number of advertising dollars spent on our inventory. These conditions adversely impacted the cash flow projections used to determine the fair value of each reporting unit at January 1, 2002 which resulted in the non-cash impairment charge of a portion of our goodwill.

Domestic Results of Operations

	Six Months Ended June 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
(In thousands)					
Revenues	$ 568,944	$ 514,603	$ 1,092,089	$ 1,006,376	$ 911,493
Direct operating expenses	328,374	304,519	468,687	435,075	399,006
Selling, general and administrative expenses			173,010	161,579	158,159
Depreciation and amortization	86,091	94,173	186,620	194,237	179,947
Operating income	$ 154,479	$ 115,911	$ 263,772	$ 215,485	$ 174,381

For the six months ended June 30, 2005, our revenues grew approximately $54.3 million, or 11%, over the same period of the prior year. The increase primarily was due to strong bulletin sales, which experienced both rate and occupancy increases. Our street furniture and transit revenues also contributed to this growth, while our poster revenues essentially were unchanged. We have seen revenues growth in the majority of our markets, including in Cleveland, Jacksonville, Phoenix, San Antonio and Seattle. Strong advertising client categories were automotive, entertainment and amusements, business and consumer services, retail and telecommunications.

Divisional operating expenses increased approximately $23.9 million, or 8%, during the six months ended June 30, 2005 as compared to the same period in 2004. Primarily driving the increase were approximately $5.0 million from production expenses primarily related to painting and installing advertisements, commission expenses related to higher revenues and approximately $10.6 million from site lease rent expenses primarily associated with our bulletins.

Depreciation and amortization expense decreased approximately $8.1 million during the six months ended June 30, 2005 as compared to the same period of 2004, due to fewer display takedowns during the current period, which resulted in less accelerated deprecation. During the six months ended June 30, 2004, our management team made strategic decisions to remove certain advertising structures to enhance overall geographic area profits. As a result of these decisions, advertising structures were removed and their remaining book value was written off as additional depreciation expense.

During 2004, revenues increased approximately $85.7 million, or 9%, over 2003. Revenue growth occurred across our inventory, with bulletins and posters leading the way. Increased rates drove the growth in bulletin revenues, partially offset by a decrease in occupancy. We also grew rates on our poster inventory in 2004, with occupancy flat compared to 2003. Revenue growth occurred across the nation, fueled by growth in Los Angeles, New York, Miami, San Antonio, Seattle and Cleveland. The client categories leading revenue growth remained consistent throughout the year, the largest being entertain-

ment. Business and consumer services was also a strong client category and was led by advertising spending from banking and telecommunications clients. Revenues from the automotive client category increased due to national, regional and local auto dealer advertisements.

Direct operating expenses increased approximately $33.6 million, or 8%, during 2004 as compared to 2003 primarily as a result of $21.8 million from site lease rent expense as a result of an increase in revenue-share payments associated with the increase in revenues. Our SG&A in 2004 increased approximately $11.4 million, or 7%, primarily from approximately $5.1 million related to commission and wage expenses relative to the growth in revenue.

During 2003, revenues increased approximately $94.9 million, or 10%, over 2002. Included in the increase is our acquisition of The Ackerley Group, acquired in June 2002, which contributed approximately $35.4 million in revenues during the six months ended June 30, 2003. In addition to the acquisition of The Ackerley Group, our bulletin inventory fueled the growth. Our bulletin inventory performed well year over year in the vast majority of our markets, with both rates and occupancy up. We saw strong growth in both large markets such as New York, San Francisco, Miami and Tampa and in smaller markets such as Albuquerque and Chattanooga. Top domestic advertising categories for us during 2003 were business and consumer services, media and entertainment and automotive.

Direct operating expenses increased $36.1 million, or 9%, during 2003 as compared to 2002 primarily as a result of The Ackerley Group, which contributed approximately $19.3 million. The remaining $16.8 million of the increase is attributable to direct production and site lease rent expenses relative to the growth in revenue. SG&A in 2003 increased $3.4 million, or 2%, primarily from $2.6 million related to bonus and commission expenses relative to the growth in revenue.

Depreciation and amortization increased approximately $14.3 million in 2003 as compared to 2002. The increase is primarily attributable to increased display takedowns in 2003 as compared to 2002 of approximately $12.2 million and our acquisition of The Ackerley Group in June 2002, which contributed approximately $2.4 million, offset by a decline in depreciation and amortization of $0.3 million.

International Results of Operations

	Six Months Ended June 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
(In thousands)					
Revenues	$ 694,524	$ 646,539	$ 1,354,951	$ 1,168,221	$ 948,148
Direct operating expenses	587,299	539,479	793,630	698,311	558,824
Selling, general and administrative expenses			326,447	295,314	234,644
Depreciation and amortization	108,737	98,383	201,597	185,403	156,948
Operating income	$ (1,512)	$ 8,677	$ 33,277	$ (10,807)	$ (2,268)

Revenues increased approximately $48.0 million, or 7%, during the six months ended June 30, 2005 as compared to the same period in 2004. The growth includes approximately $32.2 million from foreign exchange increases. Revenues growth was due to rate increases on our street furniture and transit displays. Markets in the United Kingdom, Italy, Sweden, Australia and New Zealand showed the strongest revenues percentages. A decline in revenues from our media products in France partially offset this growth as a result of a difficult competitive environment.

Divisional operating expenses increased approximately $47.8 million, or 9%, during the six months ended June 30, 2005 as compared to the same period in 2004. The increase includes approximately $27.4 million from foreign exchange. Also included in the increase were site lease rent expenses which were up as associated with the increase in revenues. In addition, site lease rent expenses increased approximately $6.0 million in the United Kingdom primarily as a result of the renewal of a contract at a

higher fixed rental and the addition of a new contract with guaranteed rent payments, both of which occurred in the second half of 2004.

Depreciation and amortization expense increased approximately $10.4 million during the first six months of 2005 as compared to the same period of the prior year, due primarily to increases in foreign exchange.

During 2004, revenues increased approximately $186.7 million, or 16%, over 2003, including approximately $128.6 million from foreign exchange increases. Street furniture sales in the United Kingdom, Belgium, Australia, New Zealand and Denmark were the leading contributors to our revenue growth. We saw strong demand for our street furniture inventory, enabling us to realize an increase in the average revenues per display. Our billboard revenues increased slightly as a result of an increase in average revenues per display. Also contributing to the increase was approximately $10.4 million related to the consolidation of our outdoor advertising joint venture in Australia during the second quarter of 2003, which we had previously accounted for under the equity method of accounting. Tempering our 2004 results were a difficult competitive environment for billboard sales in the United Kingdom and challenging market conditions for all of our products in France.

Direct operating expenses increased $95.3 million, or 14%, during 2004 as compared to 2003. Included in the increase is approximately $76.0 million from foreign exchange increases. In addition to foreign exchange, direct operating expenses grew approximately $19.3 million during this period, principally from higher site lease rent expense and approximately $6.2 million from the consolidation of a joint venture in Australia, which was previously accounted for under the equity method. SG&A increased $31.1 million, or 11%, during 2004 as compared to 2003. Included in the increase is approximately $31.3 million from foreign exchange increases. After the effect of foreign exchange increases, SG&A declined approximately $0.1 million. The decline is primarily due to a restructuring charge of $13.8 million in France taken during 2003, partially offset by a restructuring charge of $4.1 million in Spain taken during 2004, $2.6 million associated with the consolidation of a joint venture, as well as increased commission expenses associated with the increase in revenue during 2004.

Depreciation and amortization increased approximately $16.2 million in 2004 as compared to 2003 primarily attributable to foreign exchange increases.

During 2003, revenues increased approximately $220.1 million, or 23%, over 2002, including approximately $169.9 million from foreign exchange increases. Revenue growth was spurred by our transit displays and street furniture inventory. This growth was due to an increase in displays and average revenues per display primarily from our street furniture products. Strong markets for our street furniture inventory were Australia, Norway and the United Kingdom. This revenue increase was slightly offset by a decline in our billboard revenues.

Direct operating expenses increased $139.5 million, or 25%, during 2003 as compared to 2002. Included in the increase is approximately $102.0 million from foreign exchange increases. In addition to foreign exchange, direct operating expenses increased approximately $37.5 million during this period principally from higher site lease rent expense associated with the increase in revenue. SG&A increased $60.7 million, or 26%, during 2003 as compared to 2002. Included in the increase is approximately $43.2 million from foreign exchange increases. In addition to foreign exchange, SG&A grew approximately $17.5 million during this period principally from a restructuring charge in France of approximately $13.8 million taken during 2003.

Depreciation and amortization increased approximately $28.5 million in 2003 as compared to 2002 primarily attributable to approximately $25.0 million from foreign exchange increases.

Reconciliation of Segment Operating Income (Loss)

(In thousands)	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Domestic outdoor	$ 154,479	$ 115,911	$ 263,772	$ 215,485	$ 174,381
International outdoor	(1,512)	8,677	33,277	(10,807)	(2,268)
Corporate	(26,398)	(26,537)	(53,770)	(54,233)	(52,218)
Combined operating income	$ 126,569	$ 98,051	$ 243,279	$ 150,445	$ 119,895

USE OF OIBDAN

In addition to operating income, we evaluate segment and combined performance based on other factors, one primary measure of which is operating income (loss) before depreciation, amortization and non-cash compensation expense, which we refer to as OIBDAN. We use OIBDAN as a measure of the operational strengths and performance of our business and not as a measure of liquidity. However, a limitation of the use of OIBDAN as a performance measure is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Accordingly, OIBDAN should be considered in addition to, and not as a substitute for, operating income (loss), net income (loss) and other measures of financial performance reported in accordance with U.S. GAAP. Furthermore, this measure may vary among other companies; thus, OIBDAN as presented below may not be comparable to similarly titled measures of other companies.

We believe OIBDAN is useful to investors and other external users of our financial statements in evaluating our operating performance because it is widely used in the outdoor advertising industry to measure a company's operating performance and it helps investors more meaningfully evaluate and compare the results of our operations from period to period and with those of other companies in the outdoor advertising industry (to the extent the same components of OIBDAN are used), in each case without regard to items such as non-cash depreciation and amortization and non-cash compensation expense, which can vary depending upon the accounting method used and the book value of assets.

Our management uses OIBDAN (i) as a measure for planning and forecasting overall and individual expectations and for evaluating actual results against such expectations, (ii) as a basis for incentive bonuses paid to our executive officers and our branch managers and (iii) in presentations to our board of directors to enable them to have the same consistent measurement basis of operating performance used by management.

The following table presents a reconciliation of OIBDAN to operating income, which is a GAAP measure of our operating results:

(In thousands)	Six Months Ended June 30, 2005 (Unaudited)	Six Months Ended June 30, 2004 (Unaudited)	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Reconciliation of OIBDAN to operating income:					
Combined:					
OIBDAN	$ 321,731	$ 290,657	$ 631,612	$ 530,085	$ 456,790
Depreciation and amortization	194,828	192,556	388,217	379,640	336,895
Non-cash compensation	334	50	116	—	—
Operating income	$ 126,569	$ 98,051	$ 243,279	$ 150,445	$ 119,895

(In thousands)	Six Months Ended June 30, 2005 (Unaudited)	Six Months Ended June 30, 2004 (Unaudited)	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2002
Domestic:					
OIBDAN	$ 240,831	$ 210,127	$ 450,494	$ 409,722	$ 354,328
Depreciation and amortization	86,091	94,173	186,620	194,237	179,947
Non-cash compensation	261	43	102	—	—
Operating income	$ 154,479	$ 115,911	$ 263,772	$ 215,485	$ 174,381
International:					
OIBDAN	$ 107,298	$ 107,067	$ 234,888	$ 174,596	$ 154,680
Depreciation and amortization	108,737	98,383	201,597	185,403	156,948
Non-cash compensation	73	7	14	—	—
Operating income	$ (1,512)	$ 8,677	$ 33,277	$ (10,807)	$ (2,268)

Our combined OIBDAN increased $31.1 million, or 11%, for the six months ended June 30, 2005 as compared to the same period of 2004 primarily as a result of the growth of $30.7 million in our domestic segment's OIBDAN driven by an increase in bulletin, transit and street furniture sales. Included in our international segment OIBDAN is approximately $4.8 million from foreign exchange increases. Our international segment's OIBDAN increased $0.2 million for the six months periods as a result of approximately $6.0 million of additional expenses in the current year related to the renewal of a contract at a higher fixed rental and the addition of a new contract with guaranteed rent payments, in addition to flat billboard revenues in the United Kingdom. Also contributing to the flat margin was a revenue decline in France of approximately $15.9 million as a result of a difficult competitive and economic environment.

Our combined OIBDAN increased $101.5 million, or 19%, for the year ended December 31, 2004 compared to the same period of 2003. Our domestic segment contributed $40.8 million and our international segment contributed $60.3 million, including approximately $21.3 million from foreign exchange increases, while our corporate expenses decreased during 2004 by $0.4 million. The domestic OIBDAN growth was attributable to increased bulletin and poster sales while international OIBDAN growth was led by increased street furniture sales. We experienced OIBDAN margin expansion during 2004 compared to 2003 primarily related to a $13.8 million restructuring charge taken in France during the second quarter of 2003.

Our combined OIBDAN increased $73.3 million, or 16%, for the year ended December 31, 2003 compared to the same period of 2002. Our domestic segment contributed $55.4 million and our international segment contributed $19.9 million, while our corporate expenses increased during 2003 by $2.0 million. Our domestic OIBDAN growth was attributable to bulletin sales and our domestic OIBDAN margin increased partially as a result of The Ackerley Group. The Ackerley Group contributed $16.1 million in OIBDAN and had a higher OIBDAN margin than our overall domestic OIBDAN margin for the first six months of 2003. Our combined OIBDAN margin decreased during 2003 compared to 2002 primarily from a $13.8 million restructuring charge taken in France during the second quarter of 2003. Included in OIBDAN for the year ended December 31, 2003 is approximately $24.7 million from foreign exchange increases over the same period of 2002.

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition as of June 30, 2005

As of June 30, 2005, we had approximately $1.7 billion of debt, approximately $49.7 million of cash and cash equivalents and approximately $2.6 billion of owner's equity. On August 2, 2005 we distributed an intercompany note in the original principal amount of $2.5 billion as a dividend on our common stock, which note was ultimately distributed to Clear Channel Communications. We intend to use all of the net

proceeds from this offering to repay a portion of the intercompany indebtedness owed to Clear Channel Communications.

Financial Condition as of December 31, 2004

As of December 31, 2004, we had approximately $1.6 billion of debt, approximately $37.9 million of cash and equivalents and approximately $2.7 billion of owner's equity. This compares to approximately $1.7 billion of debt, approximately $34.1 million of cash and equivalents and approximately $2.8 billion of owner's equity as of December 31, 2003.

Cash Flows

The following table summarizes our historical cash flows. The financial data for the years ended December 31, 2004 and 2003 have been derived from our audited financial statements included elsewhere in this prospectus. The financial data for the six months ended June 30, 2005 and 2004 are unaudited and are derived from our interim financial statements included elsewhere in this prospectus.

(In thousands)	Six Months Ended June 30,		Year Ended December 31,	
	2005	2004	2004	2003
Cash provided by (used in):				
Operating activities	$ 167,289	$ 199,957	$ 492,495	$ 433,459
Investing activities	$ (148,235)	$ (143,769)	$ (310,658)	$ (230,162)
Financing activities	$ 1,045	$ (50,147)	$ (182,006)	$ (222,491)

Operating Activities

Six Months Ended June 30, 2005 as Compared to Six Months Ended June 30, 2004

Cash provided by operations was approximately $167.3 million for the six months ended June 30, 2005, compared to cash provided by operations of approximately $200.0 million for the six months ended June 30, 2004. The approximately $32.7 million decrease relates primarily to changes in foreign exchange translation.

Year Ended December 31, 2004 as Compared to Year Ended December 31, 2003

Cash provided by operations was approximately $492.5 million for the year ended December 31, 2004, as compared to cash provided by operations of approximately $433.5 million for the year ended December 31, 2003. The change in cash provided by operations resulted primarily from an increase in income before cumulative effect of a change in accounting principle of approximately $42.5 million.

Investing Activities

Six Months Ended June 30, 2005 as Compared to Six Months Ended June 30, 2004

Cash used in investing activities was approximately $148.2 million for the six months ended June 30, 2005 as compared to approximately $143.8 million for the six months ended June 30, 2004. The change primarily relates to $7.5 million in cash used to purchase an additional interest in Clear Channel Independent, a nonconsolidated affiliate in South Africa, during 2004, and offset by an increase in other investing activities in 2005.

Year Ended December 31, 2004 as Compared to Year Ended December 31, 2003

Cash used in investing activities was approximately $310.7 million for the year ended December 31, 2004, as compared to approximately $230.2 million for the year ended December 31, 2003. The increase in cash used in investing activities primarily related to an increase in acquisition activity during 2004. In 2004, we acquired Medallion Taxi Media for $31.6 million and acquired advertising display faces for $60.8 million.

Financing Activities

Six Months Ended June 30, 2005 as Compared to Six Months Ended June 30, 2004

Cash provided by financing activities was approximately $1.0 million for the six months ended June 30, 2005, as compared to cash used in financing activities of approximately $50.1 million for the six months ended June 30, 2004. Included in cash flow from financing activities is changes in the “Due from Clear Channel Communications” account which relates to cash transfers between our domestic operations and Clear Channel Communications. For the six months ended June 30, 2005 we had a net transfer of cash to Clear Channel Communications of approximately $16.9 million compared to a net transfer of cash to Clear Channel Communications of approximately $63.5 million for the six months ended June 30, 2004. The net amount transferred is significantly affected, among other things, by the change in our domestic operations operating income and cash flow for the relevant period. The “Due from Clear Channel Communications” account has grown during the relevant periods primarily as a result of increases in our operating income.

Year Ended December 31, 2004 as Compared to Year Ended December 31, 2003

Cash used in financing activities was approximately $182.0 million for the year ended December 31, 2004, as compared to approximately $222.5 million for the year ended December 31, 2003. The decline is partially the result of decreased financing needs from our credit facility. Additionally, for the year ended December 31, 2004 we had a net transfer of cash to Clear Channel Communications of approximately $148.2 million compared to a net transfer of cash to Clear Channel Communications of approximately $154.4 million for the year ended December 31, 2003.

Liquidity

Sources of Capital

Our primary sources of liquidity and capital resources are cash flows generated from our operations, availability of up to $150.0 million under a revolving credit facility sublimit for use in our international operations through Clear Channel Communications, funding through a cash management note with Clear Channel Communications and available cash and cash equivalents.

Management believes that future funds generated from our operations and available borrowing capacity under the $150.0 million sub-limit of the Clear Channel Communications revolving credit facility will be sufficient to fund our debt service requirements, working capital requirements, capital expenditure requirements and the remaining one-time costs associated with this offering for a period of at least 18 months. However, our ability to continue to fund these items and to reduce debt may be affected by general economic, financial, competitive, legislative and regulatory factors, as well as other industry-specific factors.

Our short and long term cash requirements consist of minimum annual guarantees for our street furniture contracts, operating leases and capital expenditures. Minimum annual guarantees and operating lease requirements are included in our direct operating expenses, which historically have been satisfied by cash flows from operations. For 2005, we are committed to $378.3 million and $177.6 million for minimum annual guarantees and operating leases, respectively. Our capital expenditures were $176.1 million, $205.1 million and $290.2 million for 2004, 2003 and 2002, respectively, and have historically been satisfied by cash flow from operations. Our long-term commitments for minimum annual guarantees, operating leases and capital expenditure requirements are included in “— Contractual and Other Obligations,” below. Our cash flow from operations was $492.5 million, $433.5 million, and $320.2 million for 2004, 2003 and 2002, respectively. Certain of our international subsidiaries have the ability to borrow under a $150.0 million sub-limit of the Clear Channel Communications revolving credit facility discussed below under “— Bank Credit Facility,” to the extent Clear Channel Communications has not already borrowed against this capacity. At June 30, 2005, approximately $96.3 million available was available for future borrowings under this facility.

As of June 30, 2005 and December 31, 2004 and 2003, we had the following debt outstanding, cash and cash equivalents and amounts due from Clear Channel Communications:

(In millions)	June 30, 2005	December 31, 2004	December 31, 2003
Bank credit facility	$ 53.7	$ 23.9	$ 50.1
Debt with Clear Channel Communications	1,463.0	1,463.0	1,463.0
Other long-term debt	138.2	152.4	156.9
Total debt	1,654.9	1,639.3	1,670.0
Less: cash and cash equivalents	49.7	37.9	34.1
Less: Due from Clear Channel Communications	319.5	302.6	154.4
	$ 1,285.7	$ 1,298.8	$ 1,418.5

Bank Credit Facility. In addition to cash flows from operations, a primary source of our liquidity is through borrowings under a $150.0 million sub-limit included in Clear Channel Communications' five-year, multicurrency $1.75 billion revolving credit facility. Certain of our international subsidiaries may borrow under the sub-limit to the extent Clear Channel Communications has not already borrowed against this capacity and is in compliance with its covenants under the credit facility. The interest rate on outstanding balances under the credit facility is based upon LIBOR or, for Euro denominated borrowings, EURIBOR plus, in each case, a margin. At June 30, 2005, the outstanding balance on the sub-limit was approximately $53.7 million, and approximately $96.3 million was available for future borrowings, with the entire balance to be paid on July 12, 2009. At June 30, 2005, interest rates on borrowings under this credit facility ranged from 2.5% to 6.0%.

Debt with Clear Channel Communications. In 2003, two intercompany notes were issued to Clear Channel Communications in the total original principal amount of approximately $1.5 billion. The first intercompany note in the original principal amount of approximately $1.4 billion matures on December 31, 2017, may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 10%. The second intercompany note in the original principal amount of $73.0 million matures on December 31, 2017, may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 9%. We intend to use all of the net proceeds of this offering, along with our balance in the "Due from Clear Channel Communications" account, to repay a portion of the outstanding balances of the $1.4 billion and $73.0 million intercompany notes. Any remaining balances will be otherwise capitalized by Clear Channel Communications.

On August 2, 2005, we distributed a third intercompany note issued by our wholly-owned subsidiary to us in the original principal amount of $2.5 billion as a dividend on our common stock, which note was subsequently distributed as a dividend in a series of transfers to Clear Channel Communications. This note matures on August 2, 2010, may be prepaid in whole at any time, or in part from time to time. The note accrues interest at a variable per annum rate equal to the weighted average cost of debt for Clear Channel Communications, calculated on a monthly basis. This note is mandatorily payable upon a change of control of us and, subject to certain exceptions, all proceeds from debt or equity raised by us must be used to prepay such note. At August 31, 2005, the interest rate on the $2.5 billion intercompany note was 5.7%. See "Use of Proceeds," "Arrangements Between Clear Channel Communications and Us" and "Description of Indebtedness."

Our working capital requirements and capital for our general corporate purposes, including acquisitions and capital expenditures, historically have been satisfied as part of the corporate-wide cash management policies of Clear Channel Communications. After this offering, our working capital requirements and capital for our general corporate purposes may be provided to us by Clear Channel Communications, in its sole discretion, pursuant to a cash management note issued by us to Clear Channel Communications. See " — Cash and cash equivalents; cash management policies," below. Without the opportunity to obtain financing from Clear Channel Communications, we may need to obtain additional

financing from banks, or through public offerings or private placements of debt, strategic relationships or other arrangements at some future date. Management currently believes that we could raise the funds if needed given our credit profile. Additionally, we will have publicly traded stock that management believes could be used as a source to raise capital through public or private placements of our equity securities. Subject to certain exceptions, the first $2.5 billion of such debt or equity proceeds (plus an amount equal to accrued interest thereon) would be required to be used to prepay the $2.5 billion intercompany note, unless such requirement is waived by Clear Channel Communications.

Other long-term debt. Other long-term debt consists primarily of loans with international banks and other types of debt. At June 30, 2005, approximately $138.2 million was outstanding as other long-term debt.

Cash and cash equivalents; cash management policies. Pursuant to the Corporate Services Agreement to be entered into between Clear Channel Communications and us, Clear Channel Communications will be providing us with cash management services to assist us in managing our excess operating cash. These services include:

- managing our daily cash position and determining our liquidity needs;
- administering borrowings and repayments under the revolving credit facility available to our international operations;
- establishing cash management systems and procedures that help minimize investment in non-earning cash resources while providing adequate liquidity;
- initiating all electronic funds transfers;
- providing bank administration for all domestic bank accounts and for all international accounts established by a domestic subsidiary;
- administering on-line bank reporting systems; and
- processing requests for cashier checks.

As part of the cash management services to be provided to us, on a daily basis, cash from our domestic operations will be transferred to a concentration account maintained by us. The cash will consist of money received by, available funds transferred by wire to, and the collection of good funds on checks and other orders remitted to, us. Pending receipt of good funds on checks and other orders remitted to us, such items will be maintained in lockboxes that to be maintained by us.

In addition, on a daily basis, cash will be transferred from our concentration account to our disbursement account, from which our then due accounts payable and payroll obligations will be discharged. If, after cash is transferred to the disbursement account, there remains a balance in our concentration account, then that amount will be transferred to a master account maintained by Clear Channel Communications and either invested or subsequently disbursed by Clear Channel Communications for its general corporate purposes. If the cash in our concentration account is not sufficient to discharge our obligations for the corresponding day, then Clear Channel Communications may advance funds to us by transferring cash from its master account to our concentration account in an amount, which when added to the amount available in that concentration account, would discharge those daily obligations. We do not have a commitment from Clear Channel Communications to advance funds to us, and we will have no access to the cash transferred from our concentration account to the master account of Clear Channel Communications. Our claim in relation to cash transferred from our concentration account to Clear Channel Communications will be based on the net cash balances from time to time owed to us.

At the conclusion of each day, the net cash position between Clear Channel Communications and us will be determined by Clear Channel Communications. We will have a daily net positive cash position if cash has been transferred from our concentration account to the account maintained by Clear Channel Communications, and a daily net negative cash position will exist if Clear Channel Communications has had to advance funds to our concentration account. The records of Clear Channel Communications will

reflect the net cash balance between Clear Channel Communications and us, which, if owed to us, will be noted in our financial statements as "Due from Clear Channel Communications" or, if owed by us, will be noted in our financial statements as "Due to Clear Channel Communications". The cash management note from us to Clear Channel Communications and the cash management note from Clear Channel Communications to us will evidence those respective obligations. Each of the notes will be a demand obligation. Interest on the cash management note owed by us will accrue on the daily net negative cash position at a per annum rate based on the average one-month LIBOR rate plus a percentage that corresponds to the percentage paid by Clear Channel Communications on LIBOR-based borrowings made by it under its corporate revolver facility. Interest on the cash management note owed by Clear Channel Communications will accrue on the daily net positive cash position at a per annum rate based on the average one-month generic treasury bill rate for the applicable period. The average one-month LIBOR rate and the average one-month generic treasury bill rate will correspond to the applicable respective rates from time to time published by Bloomberg financial services. If Clear Channel Communications were to become insolvent, we would be an unsecured creditor like other unsecured creditors of Clear Channel Communications and could experience a liquidity shortfall.

Unlike the management of cash from our domestic operations, the amount of cash that is transferred from our foreign operations to Clear Channel Communications will be determined on a basis mutually agreeable to us and Clear Channel Communications, and not on a pre-determined basis. In arriving at such mutual agreement, the reasonably foreseeable cash needs of our foreign operations will be evaluated before a cash amount is to be considered as an excess or surplus amount for transfer to Clear Channel Communications. When an amount of excess cash from our foreign operations is agreed upon, any proposed transfer of that excess cash will be further subject to a consideration of the effects of repatriating all or any portion of that amount. Excess cash from our foreign operations which is transferred to Clear Channel Communications will be subject to the record-keeping procedures and note arrangements utilized for cash transferred from our domestic operations to Clear Channel Communications.

For so long as Clear Channel Communications maintains a significant interest in us, a deterioration in the financial condition of Clear Channel Communications could increase our borrowing costs or impair our access to the capital markets because of our reliance on Clear Channel Communications for availability under its revolving credit facility. In addition, because the interest rate we pay on our $2.5 billion promissory note is based on the weighted average cost of debt for Clear Channel Communications, any such deterioration would likely result in an increase in Clear Channel Communications' cost of debt and in our interest rate. To the extent we cannot pass on our increased borrowing costs to our clients, our profitability, and potentially our ability to raise capital, could be materially affected. Also, so long as Clear Channel Communications maintains a significant interest in us, pursuant to the Master Agreement between Clear Channel Communications and us, Clear Channel Communications will have the ability to limit our ability to incur debt or issue equity securities, which could adversely affect our ability to meet our liquidity needs. In addition, the $2.5 billion intercompany note requires us to prepay it in full upon a change of control (as defined in the note), and, upon our issuances of equity and incurrence of debt, subject to certain exceptions, to prepay the note in the amount of net proceeds received from such events. See "Risk Factors — Risks Related to Our Business" and "Arrangements Between Clear Channel Communications and Us."

Uses of Capital

Our primary uses of capital are funding our working capital liabilities, debt service, acquisitions and capital expenditures. Our working capital liabilities are funded through cash flows from operations. Cash paid for interest during the years ended December 31, 2004, 2003 and 2002 was approximately $175.4 million, $198.3 million and $268.0 million, respectively.

We have entered into certain agreements relating to acquisitions that provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired company. We will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these

contingent payments, if performance targets are met, would not significantly impact our financial position or results of operations. The following is a summary of our acquisition activity for the years ended December 31, 2004, 2003 and 2002:

2004 Acquisitions. In September 2004, we acquired Medallion Taxi Media, Inc. for approximately $31.6 million. In addition, during 2004 the Company acquired display faces for approximately $60.8 million in cash and acquired equity interests in international outdoor companies for approximately $2.5 million in cash. We also exchanged advertising assets, valued at approximately $23.7 million for other advertising assets valued at approximately $32.3 million.

2003 Acquisitions. During 2003 we acquired display faces for approximately $28.3 million in cash. We also acquired investments in nonconsolidated affiliates for approximately $10.7 million in cash and acquired an additional 10% interest in a subsidiary for approximately $5.1 million in cash.

2002 Acquisitions. In June 2002 we acquired The Ackerley Group. The transaction was funded by approximately $26.3 million of our operating cash and a non-cash capital contribution from Clear Channel Communications of approximately $612.8 million. In addition, we acquired display faces for approximately $126.3 million in cash and acquired investments in nonconsolidated affiliates for approximately $2.1 million in cash.

Capital Expenditures. Our capital expenditures have consisted of the following:

	Six Months Ended June 30,		Year Ended December 31,		
	2005	2004	2004	2003	2002
(In millions)					
Non-revenue producing	$ 33.6	$ 28.1	$ 70.1	$ 63.4	$ 81.0
Revenue producing	44.3	48.8	106.0	141.7	209.2
Total capital expenditures	$ 77.9	$ 76.9	$ 176.1	$ 205.1	$ 290.2

We define non-revenue producing capital expenditures as those expenditures that are required on a recurring basis. Revenue producing capital expenditures are discretionary capital investments for new revenue streams, similar to an acquisition. Our capital expenditures have been declining since 2002, primarily as a result of fewer revenue producing capital expenditures in our international segment. Due to successful bidding on street furniture contracts in prior years, we needed to supply the street furniture required under the contracts. We have not been as actively bidding on international street furniture contracts since 2002 and therefore have not had the capital needs associated with these contracts.

Part of our long-term strategy is to pursue the technology of electronic displays, including flat screens, LCDs and LEDs, as alternatives to traditional methods of displaying our clients' advertisements. We are currently performing limited tests of these technologies in certain markets. We believe that cash flow from operations will be sufficient to fund these expenditures because we expect enhanced margins through: (i) lower cost of production as the advertisements will be digital and controlled by a central computer network, (ii) decreased down time on displays because the advertisements will be digitally changed rather than manually posted paper or vinyl on the face of the display, and (iii) incremental revenue through more targeted and time specific advertisements allowing us to sell more advertisements on a single display.

Covenant Compliance

The newly issued $2.5 billion intercompany note requires us to comply with various negative covenants, including restrictions on the following activities: incurring consolidated funded indebtedness (as defined in the note), excluding intercompany indebtedness, in a principal amount in excess of $400.0 million at any one time outstanding; creating liens; making investments; entering into sale and leaseback transactions (as defined in the note), which when aggregated with consolidated funded indebtedness secured by liens, will not exceed an amount equal to 10% of our total consolidated shareholder's equity (as defined in the note) as shown on our most recently reported annual audited consolidated financial statements; disposing of all or substantially all of our assets; entering into mergers

and consolidations; declaring or making dividends or other distributions; repurchasing our equity; and entering into transactions with our affiliates. In addition, the note requires us to prepay it in full upon a change of control. The note defines a change of control to occur when Clear Channel Communications ceases to control (i) directly or indirectly, more than 50% of the aggregate voting equity interests of us, our operating subsidiary or our respective successors or assigns, or (ii) the ability to elect a majority of the board of directors of us, our operating subsidiary or our respective successors or assigns. Upon our issuances of equity and incurrences of debt, subject to certain exceptions, we are also required to prepay the note in the amount of the net proceeds received by us from such events. Generally, the following constitute events of default under the $2.5 billion intercompany note: any principal or accrued interest on the principal remains unpaid when due on the stated maturity date (as defined in the note) or upon the occurrence of a mandatory prepayment event (as defined in the note); any accrued interest or accrued expenses remain unpaid three days after the interest payment date (as defined in the note); any provision in the note or any related security document that represents a right or remedy ceases to be binding on our operating subsidiary or available to us; any representation or warranty made in the note or any related security document is untrue or inaccurate in any material respect; breaches of covenants or agreements or the occurrence of an event of default in the note or any related security document; defaults by us in the payment of indebtedness in excess of $25.0 million, a final judgment or order in excess of $25.0 million against us or forfeiture of property by us having a value in excess of $25.0 million; or the declaration by us or against us of bankruptcy or insolvency.

Certain of our international subsidiaries that are offshore borrowers may borrow up to $150.0 million for use in our international operations under a sub-limit of the approximately $1.8 billion revolving credit facility of Clear Channel Communications so long as Clear Channel Communications remains in compliance with its covenants under the facility and does not otherwise borrow against such capacity. The significant covenants contained in the credit facility relate to leverage and interest coverage (as defined in the credit facility). The leverage ratio covenant requires Clear Channel Communications to maintain a ratio of consolidated funded indebtedness to operating cash flow (as defined by the credit facility) of less than 5.25x. The interest coverage covenant requires Clear Channel Communications to maintain a minimum ratio of operating cash flow to interest expense (as defined by the credit facility) of 2.50x. Generally, the following constitute events of default under the $1.8 billion revolving credit facility: failure to pay borrowings and interest when they become due; failure to perform or observe covenants contained in the credit facility; failure to perform or observe any covenant contained in any other loan document; incorrect or misleading representations and warranties made in connection with the credit facility agreement; default on any other indebtedness greater than $200 million; the declaration by Clear Channel Communications or against Clear Channel Communications of bankruptcy or insolvency; failure to pay debts as they become due; a final judgment for the payment of money exceeding $250 million; invalidity of loan documents at any time after their execution and delivery; change of control; and failure to comply with the Communications Act or any rule or regulation promulgated by the Federal Communications Commission. A change of control occurs under the $1.8 billion credit facility generally when any person or group acquires more than 50% of the voting interest of Clear Channel Communications or when there has been a turnover of a majority of the board of directors of Clear Channel Communications during a 24 consecutive month period.

There are no significant covenants or events of default contained in the $1.4 billion and $73.0 million intercompany notes, the cash management note issued by Clear Channel Communications to us or the cash management note issued by us to Clear Channel Communications.

Contractual and Other Obligations

Firm Commitments

In addition to the scheduled maturities on our debt, we have future cash obligations under various types of contracts. We lease office space, certain equipment and the majority of the land occupied by our advertising structures under long-term operating leases. Some of our lease agreements contain renewal

options and annual rental escalation clauses (generally tied to the consumer price index), as well as provisions for our payment of utilities and maintenance.

We have minimum franchise payments associated with noncancelable contracts that enable us to display advertising on such media as buses, taxis, trains, bus shelters and terminals. The majority of these contracts contain rent provisions that are calculated as the greater of a percentage of the relevant advertising revenues or a specified guaranteed minimum annual payment.

The scheduled maturities of our credit facility, other long-term debt outstanding, future minimum rental commitments under noncancelable lease agreements, minimum payments under other noncancelable contracts, minimum annual guarantees and capital expenditures commitments as of December 31, 2004 are as follows:

	Payments Due by Period				
(In thousands)	Total	2005	2006-2007	2008-2009	2010 and Thereafter
Revolving credit facility	$ 23,938	$ —	$ —	$ 23,938	—
Debt with Clear Channel Communications	1,463,000	—	—	—	$ 1,463,000
Other long-term debt	152,442	146,268	4,569	832	773
Minimum annual guarantees	1,658,599	378,313	471,406	282,702	526,178
Noncancelable operating leases	1,254,014	177,567	290,827	218,027	567,593
Capital expenditure commitments	223,716	119,687	63,065	25,222	15,742
Noncancelable contracts	8,953	4,215	1,604	883	2,251
Total firm commitments and outstanding debt	$ 4,784,662	$ 826,050	$ 831,471	$ 551,604	$ 2,575,537

On a pro forma basis, after giving effect to the application of the proceeds of this offering, at an assumed initial public offering price of $ per share of Class A common stock, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, and the distribution of the $2.5 billion intercompany note, as if such transactions had occurred at January 1, 2004, our contractual obligations would have consisted of the following:

	Payments Due by Period				
(In thousands)	Total	2005	2006-2007	2008-2009	2010 and Thereafter
Revolving credit facility	$ 23,938	$ —	$ —	$ 23,938	—
Debt with Clear Channel Communications	2,500,000	—	—	—	$ 2,500,000
Other long-term debt	152,442	146,268	4,569	832	773
Minimum annual guarantees	1,658,599	378,313	471,406	282,702	526,178
Noncancelable operating leases	1,254,014	177,567	290,827	218,027	567,593
Capital expenditure commitments	223,716	119,687	63,065	25,222	15,742
Noncancelable contracts	8,953	4,215	1,604	883	2,251
Total firm commitments and outstanding debt	$ 5,821,662	$ 826,050	$ 831,471	$ 551,604	$ 3,612,537

SEASONALITY

Typically, both our domestic and international segments experience their lowest financial performance in the first quarter of the calendar year, with international typically experiencing a loss from operations in this period. Our domestic segment typically experiences consistent performance in the remainder of our calendar year. Our international segment typically experiences its strongest performance in the second and

fourth quarters of our calendar year. We expect this trend to continue in the future. See “Risk Factors — We have incurred net losses and may experience future net losses.”

MARKET RISK MANAGEMENT

We are exposed to market risks arising from changes in market rates and prices, including movements in foreign currency exchange rates and interest rates.

Foreign Currency Risk

We have operations in countries throughout the world. The financial results of our international operations are measured in their local currencies, except in the hyperinflationary countries in which we operate. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the international markets in which we operate. We believe we mitigate a small portion of our exposure to international currency fluctuations with a natural hedge through borrowings in currencies other than the U.S. dollar. Our international operations reported a net loss of approximately $7.6 million for the six months ended June 30, 2005. We estimate that a 10% change in the value of the U.S. dollar relative to foreign currencies would have changed our net income for the six months ended June 30, 2005 by approximately $1.0 million.

This analysis does not consider the implication such currency fluctuations could have on the overall economic activity that could exist in such an environment in the United States or the foreign countries or on the results of operations of these foreign entities.

Interest Rate Risk

We had approximately $1.7 billion total debt outstanding as of June 30, 2005, of which $53.7 million was variable rate debt.

Based on the amount of our floating-rate debt as of June 30, 2005, each 200 basis point increase or decrease in interest rates would increase or decrease our annual interest expense and cash outlay by approximately $1.1 million. This potential increase or decrease is based on the simplified assumption that the level of floating-rate debt remains constant with an immediate across-the-board increase or decrease as of June 30, 2005 with no subsequent change in rates for the remainder of the period.

RECENT ACCOUNTING PRONOUNCEMENTS

In March 2005, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*, or FIN 47. FIN 47 is an interpretation of FASB Statement 143, *Asset Retirement Obligations*, which was issued in June 2001. According to FIN 47, uncertainty about the timing or method of settlement because they are conditional on a future event that may or may not be within the control of the entity should be factored into the measurement of the asset retirement obligation when sufficient information exists. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. Retrospective application of interim financial information is permitted, but is not required. We adopted FIN 47 on January 1, 2005, which did not materially impact our financial position or results of operations.

In March 2005, the SEC issued Staff Accounting Bulletin No. 107 *Share-Based Payment*, or SAB 107. SAB 107 expresses the SEC staff’s views regarding the interaction between Statement of Financial Accounting Standards No. 123(R) *Share-Based Payment*, or Statement 123(R), and certain SEC rules and regulations and provides the staff’s views regarding the valuation of share-based payment arrangements for public companies. In particular, SAB 107 provides guidance related to share-based payment transactions with nonemployees, the transition from nonpublic to public entity status, valuation methods (including assumptions such as expected volatility and expected term), the accounting for certain redeemable financial instruments issued under share-based payment arrangements, the classification of

compensation expense, non-GAAP financial measures, first time adoption of Statement 123(R) in an interim period, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements upon adoption of Statement 123(R) and the modification of employee share options prior to adoption of Statement 123(R). We are unable to quantify the impact of adopting SAB 107 and Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. Additionally, we are still evaluating the assumptions we will use upon adoption.

In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. We intend to adopt Statement 123(R) on January 1, 2006.

In June 2005, the Emerging Issues Task Force, or EITF, issued EITF 05-6,*Determining the Amortization Period of Leasehold Improvements*, or EITF 05-6. EITF 05-6 requires that assets recognized under capital leases generally be amortized in a manner consistent with the lessee's normal depreciation policy except that the amortization period is limited to the lease term (which includes renewal periods that are reasonably assured). EITF 05-6 also addresses the determination of the amortization period for leasehold improvements that are purchased subsequent to the inception of the lease. Leasehold improvements acquired in a business combination or purchased subsequent to the inception of the lease should be amortized over the lesser of the useful life of the asset or the lease term that includes reasonably assured lease renewals as determined on the date of the acquisition of the leasehold improvement. We will adopt EITF 05-6 on July 1, 2005 and do not expect adoption to materially impact our financial position or results of operations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the reporting period. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such difference could be material. Our significant accounting policies are discussed in Note A to our combined financial statements included elsewhere in this prospectus. Management believes that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. The following narrative describes these critical accounting estimates, the judgments and assumptions and the effect if actual results differ from these assumptions.

Allowance for Doubtful Accounts

We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific client's inability to meet its financial obligations, we record a specific reserve to reduce the amounts recorded to what we believe will be collected. For all other clients, we recognize reserves for bad debt based on historical experience of bad debts as a percentage of revenues for each business unit, adjusted for relative improvements or deteriorations in the agings and changes in current economic conditions.

If our agings were to improve or deteriorate resulting in a 10% change in our allowance, it is estimated that our bad debt expense for the six months ended June 30, 2005 would have changed by approximately $2.1 million and our net income for the same period would have changed by approximately $1.3 million.

Long-lived Assets

Long-lived assets, such as property, plant and equipment are reviewed for impairment when events and circumstances indicate that depreciable and amortizable long-lived assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. When specific assets are determined to be unrecoverable, the cost basis of the asset is reduced to reflect the current fair market value.

We use various assumptions in determining the current fair market value of these assets, including future expected cash flows and discount rates, as well as future salvage values. Our impairment loss calculations require management to apply judgment in estimating future cash flows, including forecasting useful lives of the assets and selecting the discount rate that reflects the risk inherent in future cash flows.

If actual results are not consistent with our assumptions and judgments used in estimating future cash flows and asset fair values, we may be exposed to future impairment losses that could be material to our results of operations.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. We review goodwill for potential impairment annually using the income approach to determine the fair value of our reporting units. The fair value of our reporting units is used to apply value to the net assets of each reporting unit. To the extent that the carrying amount of net assets would exceed the fair value, an impairment charge may be required to be recorded.

The income approach we use for valuing goodwill involves estimating future cash flows expected to be generated from the related assets, discounted to their present value using a risk-adjusted discount rate. Terminal values are also estimated and discounted to their present value.

As a result of adopting Statement 142 on January 1, 2002, we recorded a non-cash, net of tax, goodwill impairment charge of approximately $3.5 billion. As required by Statement 142, a subsequent impairment test was performed at October 1, 2002, which resulted in no additional impairment charge. The non-cash impairment of our goodwill was generally caused by unfavorable economic conditions, which persisted throughout 2001. This weakness contributed to our clients' reducing the number of advertising dollars spent on our inventory. These conditions adversely impacted the cash flow projections used to determine the fair value of each reporting unit at January 1, 2002 which resulted in the non-cash impairment charge of a portion of our goodwill. We may incur impairment charges in future periods under Statement 142 to the extent we do not achieve our expected cash flow growth rates, and to the extent that market values decrease and long-term interest rates increase.

Indefinite-lived Assets

Indefinite-lived assets such as our billboard permits are reviewed annually for possible impairment using the direct method. Our key assumptions using the direct method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. This data is populated using industry normalized information representing an average permit within a market.

The SEC staff issued Staff Announcement No. D-108, *Use of the Residual Method to Value Acquired Assets Other Than Goodwill*, at the September 2004 meeting of the Emerging Issues Task Force. D-108 states that the residual method should no longer be used to value intangible assets other than goodwill. Prior to the adoption of Staff Announcement No. D-108, we recorded our acquisition of permits

at fair value using an industry accepted income approach and consequently applied the same approach for purposes of impairment testing. Our adoption of the direct method resulted in an aggregate fair value of our permits that was less than the carrying value determined under our prior method. As a result, we recorded a non-cash charge of $162.9 million, net of deferred taxes, as a cumulative effect of a change in accounting principle during the fourth quarter 2004.

If actual results are not consistent with our assumptions and estimates, we may be exposed to impairment charges in the future. If our assumption on market revenue growth rate decreased 10%, our non-cash charge, net of tax, would increase approximately $25.1 million. Similarly, if our assumption on market revenue growth rate increased 10%, our non-cash charge, net of tax, would decrease approximately $30.0 million.

Asset Retirement Obligations

Statement of Financial Accounting Standards No. 143, "*Accounting for Asset Retirement Obligations*," requires us to estimate our obligation upon the termination or nonrenewal of a lease, to dismantle and remove our billboard structures from the leased land and to reclaim the site to its original condition. We record the present value of obligations associated with the retirement of tangible long-lived assets in the period in which they are incurred. The liability is capitalized as part of the related long-lived asset's carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset.

Due to the high rate of lease renewals over a long period of time, our calculation assumes that all related assets will be removed at some period over the next 50 years. An estimate of third-party cost information is used with respect to the dismantling of the structures and the reclamation of the site. The interest rate used to calculate the present value of such costs over the retirement period is based on an estimated risk-adjusted credit rate for the same period.

INDUSTRY OVERVIEW

This section includes industry data, forecasts and information that we have prepared based, in part, upon industry data, forecasts and information obtained from industry publications and surveys and internal company information. Media Dynamics Inc., Nielsen Media Research, Inc., Outdoor Advertising Association of America (OAAA), Zenith Optimedia and other industry reports and articles were the primary sources for third-party industry data, forecasts and information. These third-party industry publications and surveys and forecasts generally state that they believe the information contained therein was obtained from sources they believe to be reliable, but that they can give no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, while we believe the industry forecasts and market research are reliable, we have not independently verified such forecasts and research.

The global outdoor market has emerged as a leading advertising medium that serves as a core branding and marketing platform for companies, both domestically and internationally. Similar to other advertising media, the key competitive factors for outdoor advertising are pricing, location and availability of displays.

The principal advantages of outdoor advertising include the following:

- *Facilitates broad reach and high frequency.* The outdoor advertising industry is characterized by broad reach and high frequency, as compared to other forms of advertising media. We believe that national and regional brands are increasing their use of outdoor advertising to maximize the coverage and impact of their advertising campaigns. These advertisers benefit from the branding effect and broad exposure that results from the sustained, repetitive viewing provided by outdoor advertising.

- *Drives sustained mass advertising.* Unlike other advertising media, such as television, consumers cannot interrupt or selectively avoid advertisements displayed on outdoor structures.

- *Enables selective targeting.* Outdoor advertising enables advertisers, such as restaurants, entertainment facilities, hotels and other roadside operations, to target motorists or pedestrians in close proximity to their businesses.

- *Captures increasingly mobile audiences.* Population growth and increasing commute times are key growth drivers for outdoor advertising due to its ability to capture a growing mobile audience base that spends an increasing amount of time out-of-home.

- *Offers low cost platform.* Outdoor advertising is a relatively low cost medium, as compared to other forms of advertising media. As a result, outdoor advertising is often used as a complementary marketing platform for companies implementing a multifaceted media plan across various media, including print, broadcasting, the Internet and direct marketing. Also, outdoor advertising is used by local businesses that cannot afford costlier alternatives.

Industry Metrics

According to OAAA, outdoor advertising grew 10.2% in the second quarter of 2005. Based on industry data compiled by us in conjunction with our efforts to highlight for our customers the value of outdoor advertising relative to other media, we believe that this rate was higher than overall U.S. advertising growth in the second quarter of 2005, outpacing television, radio and publishing. Also, according to a study conducted by two researchers from the Louisiana State University Manship School of Mass Communications, the recall rate for outdoor advertising is greater than that of magazines, network television and cable television. Recall is determined by the ability to name an advertiser without prompting.

According to OAAA, the top 10 industries using outdoor advertising, based on 2004 year-end outdoor expenditures, were: (1) local services and amusements, (2) media and advertising, (3) public

transportation, hotels and resorts, (4) retail, (5) insurance and real estate, (6) financial, (7) automotive dealers and services, (8) restaurants, (9) automotive, auto access and equipment and (10) telecommunications. Also according to OAAA, the top 20 outdoor brands, based on 2004 year-end outdoor expenditures, were: (1) McDonald's, (2) Warner movies, (3) Miller beers, (4) Verizon long distance, (5) Anheuser-Busch beers, (6) General Motors, (7) Verizon Wireless, (8) Cracker Barrel, (9) Chevrolet, (10) Walt Disney movies, (11) Nissan, (12) Bank of America, (13) Diageo, (14) Toyota, (15) Geico, (16) Coca-Cola, (17) Coors Light, (18) Allstate, (19) Dodge and (20) Dreamworks movies.

Pricing

Outdoor advertising is a low cost, high impact medium for advertisers. The average cost per thousand impressions, or CPM, of outdoor advertising is approximately one fourth that of newspapers and prime time television and one half that of radio and newsweekly magazines. The average reach of outdoor advertising is approximately twice that of radio and newsweekly magazines, four and a half times that of newspapers and five times that of prime time television. The following table lists the average CPM for advertising media (according to calculations from data in TV Dimensions 2005© Media Dynamics, Inc.) and the number of persons reached for every $1,000 invested in those media in the United States:

Advertising Medium	Average CPM	Persons Reached per $1,000 Invested
Outdoor	$ 5.53	180,832
Radio	9.91	100,908
Newsweekly magazines	11.76	85,034
Newspapers	24.92	40,128
Prime time network television	26.44	37,821

Ratings and Measurement

Unlike for other forms of advertising media, including radio, television and print, no universally recognized methodology has emerged in the United States or internationally as the industry standard for audience ratings and measurement. A number of independent third parties are in the process of implementing new measurement systems designed to measure the demographics of people who pass U.S. billboards. Nielsen Outdoor has also piloted a new audience measurement methodology in Chicago that is currently being reviewed by the outdoor advertising industry. The Traffic Audit Bureau announced plans to develop its own ratings and measurement system from its traffic counts and demographic data supplied by third-party research companies. One of the goals of these efforts is to measure outdoor advertising using traditional advertising metrics used in other media, including print and broadcasting. Additionally, Arbitron has established an outdoor group to provide research services specialized for outdoor advertising.

These next-generation ratings services may improve measurements within the industry, which may lead to an increase in outdoor advertising's market share. The introduction of Postar, an outdoor advertising measurement service launched in the United Kingdom in the early 1990s, partly contributed to an increase in market share for outdoor advertising from 4.8% in 1996 to 6.4% in 2004, according to Zenith Optimedia. Other international markets in which we operate are at various stages of developing similar measurement technologies.

Regulation

Domestic

The outdoor advertising industry is subject to federal, state and local regulation. For instance, The Highway Beautification Act of 1965 (HBA) regulates outdoor advertising on the 306,000 miles of Federal-Aid Primary, Interstate and National Highway Systems roads within the United States. The HBA regulates the location of billboards, mandates a state compliance program, requires the development of

state standards, promotes the expeditious removal of illegal signs and requires just compensation for takings. Size, spacing and lighting of billboards are regulated by state and local municipalities. Periodically, certain state and local governments attempt to force the removal of billboards not governed by the HBA under various amortization theories. When challenged under such a theory, an outdoor advertising company is permitted to “recoup” its investment for a certain period of time, after which the signs in question must be removed. Other important advertising regulations include the Intermodal Surface Transportation Efficiency Act of 1991, the Bonus Act/ Bonus Program, the 1995 Scenic Byways Amendment and various increases or implementations of property taxes, billboard taxes and permit fees. While these regulations set certain limits on the placement or erection of new outdoor advertising displays, they have benefited established companies such as us by creating high barriers to entry and have protected the outdoor advertising industry against an oversupply of inventory.

International

International regulation of the outdoor advertising industry varies by region and country, but generally limits the size, placement, nature and density of out-of-home displays. The significant international regulations include the Law of December 29, 1979 in France, the Town and Country Planning (Control of Advertisements) Regulations 1992 in the United Kingdom and *Règlement Régional Urbain de l’agglomération bruxelloise* in Belgium. These laws define issues such as the extent to which advertisements can be erected in rural areas, the hours during which illuminated signs may be lit and whether the consent of local authorities is required to place a sign in certain communities. Other regulations may limit the subject matter and language of out-of-home displays. For instance, the United States and France, among other nations, ban outdoor advertisements for tobacco products.

Competitive Landscape

The outdoor industry has recently undergone major consolidation, as multiple acquisitions occurred throughout the 1990s. The top 10 U.S. outdoor advertising companies, based on 2004 U.S. revenues, according to OAAA, were: Clear Channel Outdoor Holdings, Viacom Outdoor, Lamar, Regency Outdoor Advertising, Van Wagner, JCDecaux, Adams Outdoor Advertising, Magic Media, Fairway and Reagan National. We believe that our main competitors in the international outdoor advertising industry are JCDecaux, Viacom Outdoor and a number of regional companies.

Digital

Digital advertising is a small but rapidly growing niche within the outdoor industry. These units, supported by advanced LED, LCD and plasma technologies, offer unique benefits to advertisers. Unlike traditional outdoor advertising, in which advertisers may buy a display for a week or longer, advertisers can buy digital time slots for as short as a specified number of seconds within each minute, with the ability to change their message dynamically and in real time. While digital displays are capable of supporting full motion video, currently most state and local ordinances (excluding specially zoned areas like Times Square in New York City) allow only static messages, or advertising copy without motion, to be presented and changed on the displays.

BUSINESS

Our Company

Our principal business is to provide our clients with advertising opportunities through billboards, street furniture displays, transit displays and other out-of-home advertising displays that we own or operate in key markets worldwide. As of June 30, 2005, we owned or operated more than 820,000 advertising displays worldwide. For the year ended December 31, 2004, we generated revenues of approximately $2.4 billion, operating income of approximately $243.3 million and operating income before depreciation, amortization and non-cash compensation expense, or OIBDAN, of approximately $631.6 million. Our domestic reporting segment consists of our operations in the United States, Canada and Latin America, with approximately 95% of our 2004 revenues in this segment derived from the United States. Our international reporting segment consists of our operations in Europe, Australia, Asia and Africa, with approximately 52% of our 2004 revenues in this segment derived from France and the United Kingdom. Approximately 89% of our total 2004 operating income excluding corporate expenses was derived from our domestic segment and approximately 11% was derived from our international segment. Approximately 66% of our total 2004 OIBDAN excluding corporate expenses was derived from our domestic segment and approximately 34% was derived from our international segment. See "Prospectus Summary — Summary Historical and Pro Forma Combined Financial Data — Non-GAAP Financial Measure" for an explanation of OIBDAN and a reconciliation of OIBDAN to operating income (loss). Additionally, we own equity interests in various out-of-home advertising companies worldwide, which we account for under the equity method of accounting.

Billboard displays are bulletin and poster advertising panels of various sizes that generally are mounted on structures we own. These structures typically are located on sites that we either lease or own or for which we have acquired permanent easements. Site lease terms generally range from one month to over 50 years. We believe that many of our billboards are strategically located to offer maximum visual impact to audiences. Larger billboards generally are located along major highways and freeways to target vehicular traffic. Smaller billboards generally are located on city streets to target both vehicular and pedestrian traffic. Our client contracts for billboards generally have terms ranging from one week to one year.

Street furniture displays, marketed under our global Adshel[m] brand, are advertising surfaces on bus shelters, information kiosks, public toilets, freestanding units and other public structures. Generally, we own the street furniture structures and are responsible for their construction and maintenance. Contracts for the right to place our street furniture structures in the public domain and sell advertising space on them are awarded by municipal and transit authorities in competitive bidding processes. Generally, these contracts have terms ranging from 10 to 20 years and involve revenue-sharing arrangements with the authorities, including payments by us of minimum guaranteed amounts. We believe that street furniture is growing in popularity with municipal and transit authorities, especially in international and larger U.S. markets. Our client contracts for street furniture displays typically have terms ranging from one week to one year.

Transit displays are advertising surfaces on various types of vehicles or within transit systems, including on the interior and exterior sides of buses, trains, trams and taxis and within the common areas of rail stations and airports. Contracts for the right to place our displays on vehicles or within transit systems and sell advertising space on them are awarded by public transit authorities in competitive bidding processes or are negotiated with private transit operators. These contracts typically have terms ranging from three to ten years. Our client contracts for transit displays generally have terms ranging from two weeks to one year.

We generate revenues worldwide from local, regional and national sales. Advertising rates generally are based on the "gross rating points," or total number of impressions delivered expressed as a percentage of a market population, of a display or group of displays. The number of "impressions" delivered by a display is measured by the number of people passing the site during a defined period of time and, in some

international markets, is weighted to account for such factors as illumination, proximity to other displays and the speed and viewing angle of approaching traffic. For all of our billboards in the United States, we use independent, third-party auditing companies to verify the number of impressions delivered by a display. While price and availability of displays are important competitive factors, we believe that providing quality customer service and establishing strong client relationships are also critical components of sales. For example, one service we provide our smaller clients is access to our creative personnel who can assist the clients in designing advertising copy.

Our History

In 1997, Clear Channel Communications, which was founded in 1974, acquired Eller Media Company. In 1998, Clear Channel Communications acquired Universal Outdoor, giving Clear Channel Communications an outdoor presence in 33 major U.S. markets with over 88,000 displays. Also in 1998, Clear Channel Communications acquired More Group plc, a European-based company operating in 25 countries. Other significant outdoor acquisitions over the last five years include The Ackerley Group, Spectacolor, Donrey Outdoor, Taxi Tops and France Rail Publicité.

In addition to this offering, Clear Channel Communications intends to spin off the entire operations of its entertainment division into an independent publicly traded company in which Clear Channel Communications will not hold any ownership interest. This new public company will consist of Clear Channel Communications' worldwide entertainment operations.

Domestic Products

Our domestic segment consists of our operations in the United States, Canada and Latin America, with approximately 95% of our 2004 revenues in this segment derived from the United States. Our domestic display inventory consists primarily of billboards, street furniture displays and transit displays, with billboards contributing approximately 75% of our 2004 domestic revenues. The margins on our billboard contracts also tend to be higher than those on contracts for other displays.

The following table shows the approximate percentage of revenues derived from each category of our domestic advertising inventory:

	Year Ended December 31,		
	2004	2003	2002
Billboards:			
Bulletins(1)	56%	56%	56%
Posters	19%	20%	21%
Street furniture displays	4%	3%	3%
Transit displays	11%	11%	10%
Other displays(2)	10%	10%	10%
Total	100%	100%	100%

(1) For our internal reporting purposes, wallscape revenues are combined with bulletin revenues. For a description of wallscapes, see "— Other Domestic Inventory."

(2) Includes spectaculars and mall displays.

In the United States, our displays are located in all of the top 30 U.S. designated market area regions, or DMA® regions (DMA® is a registered trademark of Nielsen Media Research, Inc.), and in 46 of the top 50 DMA® regions, giving our clients the ability to reach a significant portion of the U.S. population. A DMA® region, a term developed by Nielsen Media Research, Inc., is used to designate a geographic area or media market. The significant expenses associated with our domestic operations include (i) direct production and installation expenses, (ii) site lease expenses for land under our displays and (iii) revenue-sharing or minimum guaranteed amounts payable under our street furniture and transit

display contracts. Our direct production and installation expenses include costs for printing, transporting and changing the advertising copy displayed on our bulletins, and related labor and vinyl or paper costs. Vinyl and paper costs vary according to the complexity of the advertising copy and the quantity of displays. Our site lease expenses include lease payments for use of the land under our displays, as well as any revenue-sharing arrangements we may have with the landlords. The terms of our domestic site leases typically range from one month to over 50 years, and typically provide for renewal options.

Billboards

Our domestic billboard inventory primarily includes bulletins and posters.

Bulletins

Bulletins vary in size, with the most common size being 14 feet high by 48 feet wide. Almost all of the advertising copy displayed on bulletins is computer printed on vinyl and transported to the bulletin where it is secured to the display surface. Because of their greater size and impact, we typically receive our highest rates for bulletins. Bulletins generally are located along major expressways, primary commuting routes and main intersections that are highly visible and heavily trafficked. Our clients may contract for individual bulletins or a network of bulletins, meaning the clients' advertisements are rotated among bulletins to increase the reach of the campaign. "Reach" is the percent of a target audience exposed to an advertising message at least once during a specified period of time, typically during a period of four weeks. Our client contracts for bulletins generally have terms ranging from one month to one year, or longer.

Posters

Posters are available in two sizes, 30-sheet and eight-sheet displays. The 30-sheet posters are approximately 11 feet high by 23 feet wide, and the eight-sheet posters are approximately five feet high by 11 feet wide. Advertising copy for posters is printed using silk-screen or lithographic processes to transfer the designs onto paper that is then transported and secured to the poster surfaces. Posters generally are located in commercial areas on primary and secondary routes near point-of-purchase locations, facilitating advertising campaigns with greater demographic targeting than those displayed on bulletins. Our poster rates typically are less than our bulletin rates, and our client contracts for posters generally have terms ranging from four weeks to one year. Two types of posters are premiere panels and squares. Premiere displays are innovative hybrids between bulletins and posters that we developed to provide our clients with an alternative for their targeted marking campaigns. The premiere displays utilize one or more poster panels, but with vinyl advertising stretched over the panels similar to bulletins. Our intent is to combine the creative impact of bulletins with the additional reach and frequency of posters. "Frequency" is the average number of exposures an individual has to an advertising message during a specified period of time. Out-of-home frequency is typically measured over a four-week period.

Street Furniture Displays

Our street furniture displays, marketed under our global Adshel[tm] brand, are advertising surfaces on bus shelters, information kiosks, public toilets, freestanding units and other public structures, and primarily are located in major metropolitan cities and along major commuting routes. Generally, we own the street furniture structures and are responsible for their construction and maintenance. Contracts for the right to place our street furniture in the public domain and sell advertising space on them are awarded by municipal and transit authorities in competitive bidding processes governed by local law. Generally, these contracts have terms ranging from 10 to 20 years. As compensation for the right to sell advertising space on our street furniture structures, we pay the municipality or transit authority a fee or revenue share that is either a fixed amount or a percentage of the revenues derived from the street furniture displays. Typically, these revenue sharing arrangements include payments by us of minimum guaranteed amounts. Client contracts for street furniture displays typically have terms ranging from four weeks to one year, or longer, and, similar to billboards, may be for network packages.

Transit Displays

Our transit displays are advertising surfaces on various types of vehicles or within transit systems, including on the interior and exterior sides of buses, trains, trams and taxis and within the common areas of rail stations and airports. Similar to street furniture, contracts for the right to place our displays on such vehicles or within such transit systems and sell advertising space on them generally are awarded by public transit authorities in competitive bidding processes or are negotiated with private transit operators. These contracts typically have terms of up to five years. Our client contracts for transit displays generally have terms ranging from four weeks to one year, or longer.

Other Domestic Inventory

The balance of our domestic display inventory consists of spectaculars, mall displays and wallscapes. Spectaculars are customized display structures that often incorporate video, multidimensional lettering and figures, mechanical devices and moving parts and other embellishments to create special effects. The majority of our spectaculars are located in Dundas Square in Toronto, Times Square and Penn Plaza in New York City, Fashion Show in Las Vegas, Sunset Strip in Los Angeles and across from the Target Center in Minneapolis. Client contracts for spectaculars typically have terms of one year or longer. We also own displays located within the common areas of malls on which our clients run advertising campaigns for periods ranging from four weeks to one year. Contracts with mall operators grant us the exclusive right to place our displays within the common areas and sell advertising on those displays. Domestically, our contracts with mall operators generally have terms ranging from five to ten years. Client contracts for mall displays typically have terms ranging from six to eight weeks. A wallscape is a display that drapes over or is suspended from the sides of buildings or other structures. Generally, wallscapes are located in high-profile areas where other types of outdoor advertising displays are limited or unavailable. Clients typically contract for individual wallscapes for extended terms. Domestically, our inventory includes other small displays that are not counted as separate displays in this prospectus since their contribution to our revenues is not material.

International Products

Our international segment consists of our advertising operations in Europe, Australia, Asia and Africa, with approximately 52% of our 2004 revenues in this segment derived from France and the United Kingdom. Our international display inventory consists primarily of billboards, street furniture displays and transit displays in approximately 50 countries worldwide, with billboards and street furniture displays collectively contributing approximately 77% of our 2004 international revenues.

The following table shows the approximate percentage of revenues derived from each category of our international advertising inventory:

	Year Ended December 31,		
	2004	2003	2002
Billboards	46%	47%	50%
Street furniture displays	31%	33%	30%
Transit displays(1)	10%	10%	10%
Other displays(2)	13%	10%	10%
Total	100%	100%	100%

(1) Includes small displays.

(2) Includes spectaculars, mall displays and other small displays.

The majority of our international clients are advertisers targeting national audiences whose business is placed with us through advertising agencies and outdoor buying services. The significant expenses associated with our international operations include (i) revenue-sharing or minimum guaranteed amounts

payable under our billboard, street furniture and transit display contracts, (ii) site lease expenses and (iii) cleaning and maintenance expenses related to our street furniture. These expenses consist of costs similar to those associated with our domestic operations. Internationally, the terms of our site leases typically range from three to ten years, but may vary across our networks. Because revenue-sharing and minimum guaranteed payment arrangements are more prevalent in our international operations, the margins in our international operations typically are less than the margins in our domestic operations.

Billboards

The size of our international billboards is not standardized. The billboards vary in both format and size across our networks, with the majority of our international billboards being similar in size to our domestic posters (30-sheet and eight-sheet displays). Our international billboards are sold to clients as network packages with contract terms typically ranging from one to two weeks. Long-term client contracts are also available and typically have terms of up to one year. We lease the majority of our international billboard sites from private landowners.

Street Furniture Displays

Our international street furniture displays are substantially similar to their domestic counterparts, and include bus shelters, freestanding units, public toilets, various types of kiosks and benches. Internationally, contracts with municipal and transit authorities for the right to place our street furniture in the public domain and sell advertising on them typically range from 10 to 15 years. The major difference between our international and domestic street furniture businesses is in the nature of the municipal contracts. In the international segment, these contracts typically require us to provide the municipality with a broader range of urban amenities such as public wastebaskets and lampposts, as well as space for the municipality to display maps or other public information. In exchange for providing such urban amenities and display space, we are authorized to sell advertising space on certain sections of the structures we erect in the public domain. Client contracts for street furniture displays typically have terms ranging from one to two weeks, but are available for up to one year, and may be for network packages.

Transit Displays

Our international transit display contracts are substantially similar to their domestic counterparts, and typically require us to make only a minimal initial investment and few ongoing maintenance expenditures. Contracts with public transit authorities or private transit operators typically have terms ranging from three to seven years. Our client contracts for transit displays generally have terms ranging from two weeks to one year, or longer.

Other International Inventory

The balance of our international display inventory consists primarily of spectaculars and mall displays. DEFI, our international neon subsidiary, is a leading global provider of spectaculars with approximately 300 spectacular displays in 30 countries worldwide. Client contracts for international spectaculars typically have terms ranging from five to ten years. Internationally, our contracts with mall operators generally have terms ranging from five to ten years and client contracts for mall displays generally have terms ranging from one to two weeks, but are available for up to six months. Our international inventory includes other small displays that are counted as separate displays in this prospectus since they form a substantial part of our network and international revenues.

Marketing Resources

We have several online tools and resources to help us sell our inventory. Our online rate card is a web-based application that allows users to view all of our markets and products for rates and gross rating point allotments. We also have an online inventory search that is designed to provide users access to photos and maps of all our U.S. bulletins, wallscapes, premiere squares and spectaculars. Our internal web-

based system, FastPitchtm, delivers real-time rate and availability data for each of our U.S. markets, and our account executives use that data to create multi- or single-market advertising programs without having to contact individual markets for this data. FastPitchtm also contains maps, product sheets, market information, shipping information and product specifications. Inventory availability is updated daily directly from each market's scheduling system.

Additionally, our account executives use several research products to help sell our inventory. Our account executives assist advertisers in structuring advertising campaigns using computer databases and mapping software to analyze target audiences and consumer products and services. By examining demographic profiles, socioeconomic information and consumer buying power, our research allows us to create smart, effective purchases for our advertisers.

Production

Domestic

In a majority of our markets, our local production staff performs the full range of activities required to create and install advertising copy. Production work includes creating the advertising copy design and layout, coordinating its printing and installing the copy on displays. We provide creative services to smaller advertisers and to advertisers that are not represented by advertising agencies. National advertisers often use preprinted designs that require only installation. Our creative and production personnel typically develop new designs or adopt copy from other media for use on our inventory. Our creative staff also can assist in the development of marketing presentations, demonstrations and strategies to attract new clients.

International

The majority of our international clients are advertisers targeting national audiences whose business generally is placed with us through advertising agencies. These agencies often provide our international clients creative services to design and produce both the advertising copy and the physical printed advertisement. Advertising copy, both paper and vinyl, is shipped to centralized warehouses operated by us. The copy is then sorted and delivered to sites where it is installed on our displays.

Client Categories

In 2004, the top five client categories in our domestic segment, based on domestic revenues derived from these categories, were entertainment and amusements, business and consumer services, automotive, retail and insurance and real estate. In 2004, the top five client categories in our international segment, based on international revenues derived from those categories, were automotive, food and drink, media and entertainment, retail and telecommunications.

Our Markets

Approximately 95% of our 2004 domestic revenues were derived from the United States and approximately 52% of our 2004 international revenues were derived from France and the United Kingdom. The following table sets forth certain information regarding displays that we own or operate in domestic and international markets worldwide. As of June 30, 2005, we owned or operated approximately 164,000 domestic displays and approximately 655,000 international displays. Our domestic markets are listed in order of their DMA® region ranking and our international markets are listed in descending order according to revenues contribution.

Table of Contents

Our Domestic Displays

DMA® Region Rank	Domestic Markets	Billboards		Street Furniture Displays	Transit Displays	Other Displays(2)	Total Displays
		Bulletins(1)	Posters				
	United States						
1	New York, NY	•	•	•	•	•	17,998
2	Los Angeles, CA	•	•	•	•	•	11,809
3	Chicago, IL	•	•		•(3)	•	11,682
4	Philadelphia, PA	•	•	•	•	•	6,454
5	San Francisco-Oakland-San Jose, CA	•	•	•	•	•	6,681
6	Boston, MA (Manchester, NH)	•	•		•	•	6,920
7	Dallas-Ft. Worth, TX	•	•		•	•	6,897
8	Washington, DC (Hagerstown, MD)	•	•	•	•	•	3,206
9	Atlanta, GA	•	•		•	•	3,317
10	Houston, TX	•	•		•(3)	•	4,937
11	Detroit, MI				•	•	542
12	Seattle-Tacoma, WA	•	•		•	•	3,319
13	Minneapolis-St. Paul, MN	•	•		•	•	1,962
14	Phoenix (Prescott), AZ	•		•	•	•(3)	1,457
15	Miami-Ft. Lauderdale, FL	•	•	•	•	•(3)	3,708
16	Tampa-St. Petersburg (Sarasota), FL	•	•	•			1,969
17	Cleveland-Akron (Canton), OH	•	•		•	•	2,455
18	Sacramento-Stockton-Modesto, CA	•	•	•		•	956
19	Denver, CO				•	•	709
20	Orlando-Daytona Beach-Melbourne, FL	•	•		•	•	3,464
21	St. Louis, MO				•	•	237
22	Pittsburgh, PA			•	•(3)	•	518
23	San Diego, CA	•	•		•	•(3)	1,334
24	Portland, OR	•	•			•	1,296
25	Baltimore, MD	•	•			•(3)	2,444
26	Indianapolis, IN	•	•		•		1,981
27	Hartford-New Haven, CT					•	6
28	Charlotte, NC					•	12
29	Raleigh-Durham (Fayetteville), NC					•	11
30	Nashville, TN					•	21
31	Salt Lake City, UT				•	•	124
32	Kansas City, KS/ MO				•(3)		—
33	Milwaukee, WI	•	•	•			1,702
34	Cincinnati, OH					•	8
35	Columbus, OH	•	•			•	1,404
37	San Antonio, TX	•	•		•(3)	•(3)	2,992
39	Norfolk-Portsmouth-Newport News, VA					•	11
40	West Palm Beach-Ft. Pierce, FL	•	•				370
42	New Orleans, LA				•	•	2,781
43	Memphis, TN	•	•	•	•		2,217
44	Harrisburg-Lancaster-Lebanon-York, PA					•	36
45	Albuquerque-Santa Fe, NM	•	•				1,096
47	Oklahoma City, OK					•	12
48	Buffalo, NY				•		240
49	Fresno-Visalia, CA					•	10
50	Las Vegas, NV	•	•		•	•(3)	11,623
52	Louisville, KY					•	16
53	Jacksonville, FL	•	•				868
54	Wilkes Barre-Scranton, PA					•	39
55	Austin, TX				•(3)	•	16
56	Hudson Valley, NY	•	•				376
57	Richmond-Petersburg, VA					•	12
62	Knoxville, TN					•	13
63	Charleston-Huntington, WV					•	9
67	Wichita-Hutchinson, KS	•	•				663
72	Tucson (Sierra Vista), AZ	•	•				1,552
73	Des Moines-Ames, IA	•	•			•(3)	659
87	Chattanooga, TN	•	•			•	1,568
89	Northpark, MS					•(3)	6
91	Cedar Rapids-Waterloo-Iowa City-Dubuque, IA					•	12
93	El Paso, TX (Las Cruces, NM)	•	•				1,277
94	Colorado Springs-Pueblo, CO					•	7
97	Johnstown-Altoona, PA					•	20
101	Youngstown, OH					•	8
104	Monterey-Salinas, CA					•	40
107	Ft. Smith-Fayetteville-Springdale-Rogers, AR	•	•			•	914
113	Reno, NV	•	•			•	571
114	Tallahassee, FL-Thomasville, GA					•	9

[Table of Contents](#)

DMA® Region Rank	Domestic Markets	Billboards		Street Furniture Displays	Transit Displays	Other Displays(2)	Total Displays
		Bulletins(1)	Posters				
115	Augusta, GA					•(3)	—
117	Sioux Falls (Mitchell), SD					•	19
142	Sioux City, IA					•	8
145	Lubbock, TX					•	16
148	Palm Springs, CA					•	12
150	Salisbury, MD	•	•		•(3)	•	1,254
163	Ocala-Gainesville, FL	•	•				1,324
171	Billings, MT					•	8
176	Rapid City, SD					•	10
189	Great Falls, MT					•	14
190	Grand Junction-Aspen-Montrose, CO				•	•	52
n/a	Newport, RI				•		25
n/a	Wilmington, DE				•(3)	•(3)	—
	Domestic Non-U.S.						
n/a	Brazil	•	•	•	•		8,224
n/a	Canada	•		•	•	•	2,735
n/a	Chile	•	•				1,270
n/a	Mexico			•		•	4,776
n/a	Peru	•	•	•	•	•	2,592
						Total Domestic Displays	163,922

(1) Includes wallscapes.

(2) Includes spectaculars and mall displays.

(3) We have access to additional displays through arrangements with local advertising and other companies.

Our International Displays

International Markets	Billboards	Street Furniture Displays	Transit Displays(1)	Other Displays(2)	Total Displays
France	•	•	•	•	168,145
United Kingdom	•	•	•	•	92,916
Italy	•	•	•	•	50,142
Spain	•	•	•	•	35,126
Sweden	•	•	•	•	102,032
Switzerland	•		•	•	16,549
Belgium	•	•	•	•	22,363
Australia		•	•		12,750
Norway	•	•	•		20,816
Denmark	•	•	•	•	28,835
Ireland	•	•			5,951
Russia	•		•	•	4,898
Greece			•	•	1,188
Finland	•	•	•	•	44,583
Poland	•	•	•	•	13,607
Singapore		•	•		10,578
Holland	•	•	•		2,740
Turkey	•	•	•	•	5,075
New Zealand		•	•		2,960
Baltic States	•		•		12,960
Portugal				•	18
India	•	•	•		400
Germany				•	25
Hungary				•	25
Czech Republic				•	5
Austria				•	4
Ukraine				•	2
Dubai				•	1
				Total International Displays	654,694

(1) Includes small displays.

(2) Includes spectaculars, mall displays and other small displays.

Equity Investments

In addition to the more than 820,000 displays we owned and operated worldwide as of June 30, 2005, we have made equity investments in various out-of-home advertising companies that operate in the following markets:

Market	Company	Equity Investment(1)	Billboards	Street Furniture Displays	Transit Displays	Other Displays(2)
Outdoor Advertising Companies						
China	Clear Media Limited	49.9%(3)		•	•	
South Africa(4)	Clear Channel Independent	50.0%	•	•	•	
Italy	Alessi	35.0%	•	•	•	
Italy	AD Moving SpA	17.5%	•		•	
Hong Kong	Buspak	50.0%	•		•	
Thailand	Master & More	32.5%	•			
Korea	Ad Sky Korea	30.0%			•	
Belgium	MTB	49.0%			•	
Belgium	Streep	25.0%			•	
Denmark	City Reklame	45.0%				•
Other Media Companies						
Norway	CAPA	50.0%				
Holland	Kamasutra	49.0%				

(1) As of June 30, 2005.

(2) Includes spectaculars, mall displays and other small displays.

(3) In July 2005 Clear Media Limited became a consolidated subsidiary when we increased our ownership interest from approximately 49.9% to approximately 50.1%. As a result, in the third quarter of 2005, Clear Media's cash flow from operations was $, which represented % of our total cash flow from international operations, although we received only approximately 50% of that cash flow over that period.

(4) Clear Channel Independent is headquartered and has the majority of its operations in South Africa, but also operates in other African countries such as Angola, Botswana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Tanzania, Uganda and Zambia.

Construction and Operation

Domestic

We typically own the physical structures on which our clients' advertising copy is displayed. We build some of the structures at our billboard fabrication business in Illinois and erect them on sites we either lease or own or for which we have acquired permanent easements. The site lease terms are typically 10 to 20 years and often contain renewal provisions with rental payments escalating pursuant to various formulas. In addition to the site lease, we must obtain a permit to build the sign. Permits are typically issued in perpetuity by the state or local government and typically are transferable or renewable for a minimal, or no, fee. Bulletin and poster advertising copy is either printed with computer generated graphics on a single sheet of vinyl or placed on lithographed or silk-screened paper sheets supplied by the advertiser. These advertisements are then transported to the site and in the case of vinyl wrapped around the face, and in the case of paper pasted and applied like wallpaper. The operational process also includes conducting visual inspections of the inventory for display defects and taking the necessary corrective action within a reasonable period of time.

International

The international manufacturing process largely consists of two elements: the manufacture and installation of advertising structures and the weekly preparation of advertising posters for distribution throughout our networks. Generally, we outsource the manufacturing of advertising structures to third parties and regularly seek competitive bids. We use a wide range of suppliers, located in each of our markets, none of whom represents more than 10% of our manufacturing budget in any one year. The design of street furniture structures (such as bus shelters, bicycle racks, kiosks and public toilets) is typically done in conjunction with a third-party design or architecture firm. These street furniture designs then form the basis of a competitive bidding process to select a manufacturer. Our street furniture sites are posted by our own employees or subcontractors who also clean and maintain the sites. The decision to use our own employees or subcontractors is made on a market-by-market basis taking into consideration the mix of products in the market and local labor costs.

Our Competitive Strengths

We believe our key competitive strengths are as follows:

Leading positions in key markets

We believe that our presence in key markets gives our clients the ability to reach a global audience through one advertising provider. As of June 30, 2005, we owned or operated more than 820,000 advertising displays worldwide. Our displays are located in all of the top 30 U.S. designated market area regions, or DMA® regions, and in 46 of the top 50 DMA® regions, giving our clients the ability to reach a significant portion of the U.S. population. In addition, as of June 30, 2005, we owned or operated displays in approximately 50 countries in North and South America, Europe, Australia, Asia and Africa, providing us with a global market presence.

Diversified and global client base

We have long-standing relationships with a diversified group of local, regional and national advertising brands and agencies in the United States and worldwide. In 2004, the top five client categories in our domestic segment, based on domestic revenues derived from these categories, were entertainment and amusements, business and consumer services, automotive, retail, and insurance and real estate. In 2004, the top five client categories in our international segment, based on international revenues derived from those categories, were automotive, food and drink, media and entertainment, retail and telecommunications. No single advertiser accounted for more than 2% of our 2004 domestic or international revenues.

Business model with significant financial flexibility

We have historically generated high levels of cash flow from operations due to consistent revenue growth with disciplined control of operating expenditures. Our cash flow from operations was approximately $492.5 million in 2004, $433.5 million in 2003 and $320.2 million in 2002. Operating cash flow through the first six months of 2005 was $167.3 million and through the first six months of 2004 was $200.0 million. Total revenue increased at a 9.1% compounded annual rate from 2000 to 2004. We believe that these high levels of cash flow from operations provide us with strategic and financial flexibility and, together with our ability to use our publicly traded common stock as acquisition currency, will position us to opportunistically pursue attractive acquisitions and investments.

Positioned to capitalize on new technologies

We believe that we are well-positioned to take advantage of significant technological advances and the corresponding improvements in advertisers' abilities to present engaging campaigns to their target audiences. In particular, we believe that we are prepared to capitalize on the growing trend of digital outdoor displays. We have a dedicated team tasked with determining the most effective deployment of networked digital sign technologies to enhance the revenue-generating capacity of our assets in existing and

new markets worldwide. In July 2005, we launched our first networked digital trial on select bulletins in Cleveland, Ohio and plan to launch similar pilots in other U.S. and international markets. Of the seven billboards that we converted from a standard to digital format in Cleveland, we have experienced significant increases in revenues from those displays. We are evaluating the additional capital improvement costs relative to the increased revenue and the regulatory issues surrounding possible future conversions. We anticipate that these trials will provide us with significant experience in shaping our long-term digital strategy.

Experienced senior management team

Our senior management team is led by Mark P. Mays, Paul J. Meyer and Randall T. Mays, each of whom has extensive experience in the outdoor advertising industry. The experience of our senior management team extends internationally with regionally based teams that oversee our respective international markets.

Positioned to capitalize on emerging international opportunities

We believe that our financial strength and flexibility, our existing presence in key markets worldwide and our experienced senior management team position us well to capitalize on emerging international opportunities. Accordingly, we have engaged in acquisitions and investment opportunities in the global out-of-home advertising industry. For instance, in July 2005, we made an additional equity investment in Clear Media Limited, one of the largest outdoor advertising companies in China, that gave us a majority ownership interest in the company.

Our Strategy

Our fundamental goal is to increase stockholder value by maximizing our cash flow from operations worldwide. Accomplishing this goal requires the successful implementation of the following strategies:

Capitalize on global network and diversified product mix

We seek to capitalize on our global network and diversified product mix to maximize revenues and increase profits. We can increase our operating margins by spreading our fixed investment costs over our broad asset base. In addition, by sharing best practices both domestically and internationally, we can quickly and effectively replicate our successes throughout the markets in which we operate. We believe that our diversified product mix and long-standing presence in many of our existing markets provide us with the platform necessary to launch new products and test new initiatives in a reliable and cost-effective manner.

Highlight the value of outdoor advertising relative to other media

We seek to enhance revenue opportunities by focusing on specific initiatives that highlight the value of outdoor advertising relative to other media. We have made significant investments in research tools that enable our clients to better understand how our displays can successfully reach their target audiences and promote their advertising campaigns. Also, we are working closely with clients, advertising agencies and other diversified media companies to develop more sophisticated systems that will provide improved demographic measurements of outdoor advertising. We believe that these measurement systems will further enhance the attractiveness of outdoor advertising for both existing clients and new advertisers.

Continue to focus on achieving operating efficiencies

We continue to focus on achieving operating efficiencies throughout our global network. For example, in most of our U.S. markets, we have been transitioning our compensation programs in our operations departments from hourly-wage scales to productivity-based programs. We have decreased operating costs and capital needs by introducing energy-saving lighting systems and innovative processes for changing advertising copy on our displays. Additionally, in certain heavy storm areas we continue to convert large

format billboards to sectionless panels that face less wind resistance, reducing our weather-related losses in such areas.

Promote customer service

We believe that customer service is critical, and we have made significant commitments to provide innovative services to our clients. For example, we provide our U.S. clients with online access to information about our inventory, including pictures, locations and other pertinent display data that is helpful in their buying decisions. Additionally, in the United States we recently introduced a service guaranty in which we have committed to specific monitoring and reporting services to provide greater accountability and enhance customer satisfaction. We also introduced a proprietary online proof-of-performance system that is an additional tool our clients may use to measure our accountability. This system provides our clients with information about the dates on which their advertising copy is installed or removed from any display in their advertising program.

Pursue attractive acquisitions and other investments worldwide

Through acquisitions and investments, we intend to strengthen our presence in existing markets and selectively enter into new markets where the returns and growth potential of such expansion are consistent with our fundamental goal of increasing stockholder value. In particular, in recent years we have steadily added to our presence in Europe, Asia and Latin America. All three regions continue to offer additional growth opportunities.

Pursue new cost-effective technologies

Advances in electronic displays, including flat screens, LCDs and LEDs, as well as corresponding reductions in costs, allow us to provide these technologies as alternatives to traditional methods of displaying our clients' advertisements. These electronic displays may be linked through centralized computer systems to instantaneously and simultaneously change static advertisements on a large number of displays. We believe that these capabilities will allow us to transition from selling space on a display to a single advertiser to selling time on that display to multiple advertisers. We believe this transition will create new advertising opportunities for our existing clients and will attract new advertisers, such as certain retailers that desire to change advertisements frequently and on short notice. For example, these technologies will allow retailers to promote weekend sales with the flexibility during the sales to make multiple changes to the advertised products and prices.

Maintain an entrepreneurial culture

We maintain an entrepreneurial and customer-oriented culture by empowering local market managers to operate their businesses as separate profit centers, subject to centralized oversight. A portion of our managers' compensation is dependent upon the financial success of their individual business units. This culture motivates local market managers to maximize our cash flow from operations by providing high-quality service to our clients and seeking innovative ways to deploy capital to further grow their businesses. Our managers also have full access to our extensive centralized resources, including sales training, research tools, shared best practices, global procurement and financial and legal support.

Employees

As of June 30, 2005, we had approximately 2,700 domestic employees and approximately 4,500 international employees, of which approximately 100 were employed in corporate activities. As of August 3, 2005, 246 of our employees are subject to collective bargaining agreements. We believe that our relationship with our employees is good.

Properties and Facilities

Our worldwide corporate headquarters are in San Antonio, Texas. The headquarters of our domestic advertising operations are in Phoenix, Arizona, and the headquarters of our international operations are in London, England. The types of properties required to support each of our advertising branches include

offices, production facilities and structure sites. A branch and production facility is generally located in an industrial or warehouse district.

We own or have acquired permanent easements for relatively few parcels of real property that serve as the sites for our outdoor displays. Our remaining outdoor display sites are leased. Our leases are for varying terms ranging from month-to-month to year-to-year and can be for terms of 10 years or longer, and many provide for renewal options. There is no significant concentration of displays under any one lease or subject to negotiation with any one landlord. We believe that an important part of our management activity is to negotiate suitable lease renewals and extensions.

Legal Proceedings

From time to time, we are involved in legal proceedings arising in the ordinary course of business. Under our agreements with Clear Channel Communications, we have assumed and will indemnify Clear Channel Communications for liabilities related to our business. Other than as described below, we do not believe there is any litigation pending that would have, individually or in the aggregate, a material adverse effect on our financial position, results of operations or cash flow.

We are the defendant in a lawsuit filed October 20, 1998 by Jorge Luis Cabrera, Sr., and Martha Serrano, as personal representatives of the Estate of Jorge Luis Cabrera, Jr., in the 11th Judicial Circuit in and for Miami-Dade County, Florida. The plaintiff alleged that we negligently constructed, installed or maintained the electrical system in a bus shelter, which resulted in the death of Jorge Luis Cabrera, Jr. Martha Serrano settled her claims with us. On June 24, 2005, the jury rendered a verdict in favor of the plaintiff, and awarded the plaintiff $4.1 million in actual damages and $61.0 million in punitive damages. We have filed a motion to have the punitive damages award reduced. If our motion to reduce the punitive damages award is unsuccessful, we intend to vigorously seek to overturn or nullify the adverse verdict and damage award including, if necessary, pursuing appropriate appeals. We have insurance coverage for up to approximately $50 million in damages for this matter.

MANAGEMENT

Executive Officers, Directors, and Significant Employees

Set forth below are the names and ages and current positions of our executive officers, current and proposed directors and significant employees. Immediately prior to this offering, we expect to appoint Martha McCombs Shields, Dale W. Tremblay and William D. Parker as additional directors to our board of directors. See "— Composition of the Board of Directors After This Offering" below.

Name	Age	Position	Term as Director
L. Lowry Mays	70	Director	Expires 2007
William D. Parker	43	Director	Expires 2007
Marsha McCombs Shields	51	Director	Expires 2009
Dale W. Tremblay	47	Director	Expires 2008
Mark P. Mays	42	Chief Executive Officer and Director	Expires 2009
Randall T. Mays	40	Executive Vice President, Chief Financial Officer and Director	Expires 2008
Paul J. Meyer	62	President and Chief Operating Officer	
Jonathan D. Bevan	34	Chief Operating Officer — International	
Augusto Claux	58	Regional President — Latin America	
Michael R. Deeds	63	Executive Vice President — Domestic Operations	
Bo Rickard Hedlund	40	Chief Executive Officer — Northern Europe	
Michael F. Hudes	44	Global Director — Digital Media	
Eugene P. Leehan	43	Regional President — Western United States	
Timothy J. Maunder	47	Chief Financial Officer — International	
Coline L. McConville	41	Chief Executive Officer — Europe	
Franklin G. Sisson, Jr.	53	Global Director — Sales and Marketing	
Timothy C. Stauning	49	Regional President — Eastern United States	
Kurt A. Tingey	40	Executive Vice President — Domestic Chief Financial Officer	
Laura C. Toncheff	37	Executive Vice President — Domestic Real Estate, Public Affairs and Legal	

L. Lowry Mays has served as a member of our board of directors since April 1997. Mr. Mays is Chairman of the board of directors of Clear Channel Communications, and prior to October 2004 he was the company's Chief Executive Officer. Mr. Mays has been a member of Clear Channel Communications' board of directors since its inception and has served on the board of directors of CCE Spinco, Inc. since August 2005. Mr. Mays is the father of Mark P. Mays and Randall T. Mays, both of whom are members of our board of directors and executive officers of us.

William D. Parker has served as Chairman and Chief Executive Officer of America West Holdings Corporation and America West Airlines since September 2001. Since May 2000, Mr. Parker has served as President of America West Airlines. He assumed the position of Chief Operating Officer of America West Airlines in December 2000 in addition to his role as President of the company. From 1999 to 2000, Mr. Parker served as Executive Vice President, Corporate Group of America West Airlines.

Marsha McCombs Shields has served as a director of Primera Insurance since March 1989. Since June 2002, Ms. McCombs has served as the President of the McCombs Foundation and as Dealer Principal for McCombs Automotive. She has served as Manager of McCombs Family Ltd. since January 2000.

Dale W. Tremblay has served as President and Chief Executive Officer of C.H. Guenther & Son, Inc., a food marketing and manufacturing company, since July 2001. Prior to that, from May 1998 to July 2001, Mr. Tremblay served as the Executive Vice President and Chief Operating Officer of C.H. Guenther & Son, Inc. Mr. Tremblay was a Financial Analyst for R.R. Donnelley & Sons from June 1980 to May 1982. He currently serves on the Advisory Board for the Michigan State University Financial Analysis Lab.

Mark P. Mays has served as our Chief Executive Officer since August 2005 and Director since April 1997. Mr. Mays has served as Chief Executive Officer and President of Clear Channel Communications since October 2004. Prior thereto, he served as the interim Chief Executive Officer and President and Chief Operating Officer of Clear Channel Communications from May 2004 to October 2004 and as the President and Chief Operating Officer of Clear Channel Communications for the remainder of the relevant five-year period. Mr. Mays has served on the board of directors of Clear Channel Communications since May 1998, and has served on the board of CCE Spinco, Inc. since August 2005. Mr. Mays is the son of L. Lowry Mays, Clear Channel Communications' Chairman and one of our board members, and is the brother of Randall T. Mays, our Executive Vice President and Chief Financial Officer and one of our board members.

Randall T. Mays has served as our Executive Vice President, Chief Financial Officer since August 2005 and Director since April 1997. Mr. Mays has served as Chairman of the board of directors of CCE Spinco, Inc. since August 2005. He also has served as the Executive Vice President and Chief Financial Officer of Clear Channel Communications since 1996. He has served on the board of directors of Clear Channel Communications since April 1999. Mr. Mays is the son of L. Lowry Mays, Clear Channel Communications' Chairman and one of our board members, and is the brother of Mark P. Mays, our Chief Executive Officer and one of our board members.

Paul J. Meyer has served as our President and Chief Operating Officer since April 2005. Prior thereto, he served as President and Chief Executive Officer of our domestic segment from January 2002 to April 2005 and President/Chief Operating Officer of our domestic segment from March 1999 to December 2001. Mr. Meyer has also served as Vice President of Clear Channel Communications since March 1999.

Jonathan D. Bevan has served as our Chief Operating Officer — International since December 2004. Mr. Bevan served as Senior Vice President/ Operations of our international segment from September 2002 to December 2004 and, prior thereto, as Director of Finance for the remainder of the relevant five-year period.

Augusto Claux has served as our Regional President — Latin America since 1999.

Michael R. Deeds has served as our Executive Vice President — Domestic Operations since 1999 and has been employed with us for 38 years.

Bo Rickard Hedlund has served as the Chief Executive Officer — Northern Europe of our international segment since April 1, 2005. Prior thereto, Mr. Hedlund served as Executive Vice President — Nordic Region from October 2001 to March 2005 and Regional Director for all of our business units in Sweden, Norway, Denmark, Finland. From November 1997 to September 2001, Mr. Hedlund served as General Manager — Sweden. From 2003, Mr. Hedlund was responsible for our Baltics and Russia regions and was also responsible for our Dutch business unit and Clear Channel Hillenaar from 2004.

Michael F. Hudes has served as our Global Director — Digital Media (previously Executive Vice President/ Corporate Development) since August 2005. Prior thereto, he served as our Executive Vice

President/ Corporate Development since March 2004. From April 2002 to February 2004, he also served as President, Chief Operating Officer and a Director of AdSpace Networks, Inc., a digital media network builder. Prior thereto, Mr. Hudes was President, Chief Operating Officer and a Director of Organic, Inc., an internet professional services company from November 1995 to September 2001.

Eugene P. Leehan has served as our Regional President — Western United States since January 2003. Prior thereto, Mr. Leehan has worked for us or our predecessor companies in various capacities since February 1986.

Timothy J. Maunder has served as our Chief Financial Officer — International since 1998. Since 2001, Mr. Maunder has also served as an Alternate Director for Clear Media Limited, our Chinese subsidiary. Additionally, he also has served as a Non-Executive Director for Cityspace Limited since 2001.

Coline L. McConville has served as Chief Executive Officer — Europe of our international segment since January 2003. Prior thereto, she served as Chief Operating Officer for our international segment for the remainder of the relevant five-year period.

Franklin G. Sisson, Jr. has served as our Global Director — Sales and Marketing since August 2005. Prior thereto, he served as Executive Vice President Sales and Marketing of the domestic segment since January 2001 and as President/ General Manager Orlando Division from August 1998 to December 2000.

Timothy C. Stauning has served as our Regional President — Eastern United States since August 2004. Prior thereto, Mr. Stauning served as President of our New York Branch since August 1998.

Kurt A. Tingey has served as our Executive Vice President and Domestic Chief Financial Officer since January 1, 2000. From March 1999 to January 2000, Mr. Tingey served as our Senior Vice President — Business Development.

Laura C. Toncheff has served as our Executive Vice President — Domestic Real Estate, Public Affairs and Legal since January 2003. Prior thereto, Ms. Toncheff served as the Executive Vice President and General Counsel for our domestic operations from January 2000, and prior thereto she served as Senior Vice President.

Composition of the Board of Directors After This Offering

Prior to the completion of this offering, we intend to restructure our board of directors. Our board of directors consists of three directors. We intend to appoint additional directors, subject to the completion of this offering, each of whom has consented to so serve. We anticipate that William D. Parker, Marsha McCombs Shields and Dale W. Tremblay will be independent as determined by our board of directors under the applicable securities law requirements and listing standards. For so long as Clear Channel Communications is the owner of such number of shares representing more than 50% of the total voting power of our common stock, it will have the ability to direct the election of all the members of our board of directors, the composition of our board committees and the size of the board. See “Description of Capital Stock.”

Concurrent with the completion of the offering, our directors will be divided into three classes serving staggered three-year terms. At each annual meeting of our stockholders, directors will be elected to succeed the class of directors whose terms have expired. Class I directors’ terms will expire at the 2007 annual meeting of our stockholders, Class II directors’ terms will expire at the 2008 annual meeting of our stockholders and Class III directors’ terms will expire at the 2009 annual meeting of our stockholders. L. Lowry Mays and William D. Parker initially will be our Class I directors, Randall T. Mays and Dale W. Tremblay initially will be our Class II directors and Mark P. Mays and Marsha McCombs Shields initially will be our Class III directors. Our classified board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of our board. Generally, at least two annual meetings of stockholders will be necessary for stockholders to effect a change in a majority of the members of the board of directors.

We intend to avail ourselves of certain of the "controlled company" exemptions of the New York Stock Exchange corporate governance standards which free us from the obligation to comply with certain NYSE corporate governance requirements that would otherwise require (i) that the majority of the board of directors consists of independent directors, (ii) that we have a nominating and governance committee and that it be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities, (iii) that we have a compensation committee composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities and (iv) an annual performance evaluation of the compensation committee. See "Risk Factors — Risks Related to Our Relationship with Clear Channel Communications" and "Arrangements Between Clear Channel Communications and Us."

Committees of the Board of Directors After This Offering

The standing committees of our board of directors will be an audit committee and compensation committee, each of which is described below.

Audit Committee

The three independent (as defined in the NYSE listing standards) audit committee members will be , who will serve as the chairman, and . We anticipate that will be designated by our board of directors as the audit committee financial expert (as defined in the applicable regulations of the SEC). The audit committee will operate under a written charter adopted by the board of directors which reflects standards set forth in SEC regulations and NYSE rules. The composition and responsibilities of the audit committee and the attributes of its members, as reflected in the charter, are intended to be in accordance with applicable requirements for corporate audit committees. The charter will be reviewed, and amended if necessary, on an annual basis. The full text of the audit committee's charter can be found on our website at *www.clearchanneloutdoor.com* or may be obtained upon request from our Secretary.

As set forth in more detail in the charter, the audit committee's purpose is to assist the board of directors in its general oversight of Clear Channel Outdoor's financial reporting, internal control and audit functions. Clear Channel Communications' internal audit department will document, test and evaluate our internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The responsibilities of the audit committee will include:

- recommending the hiring or termination of independent auditors and approving any non-audit work performed by such auditor;
- approving the overall scope of the audit;
- assisting our board of directors in monitoring the integrity of our financial statements, the independent accountant's qualifications and independence, the performance of the independent accountants and our internal audit function, and our compliance with legal and regulatory requirements;
- annually reviewing our independent auditors' report describing the auditing firms' internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm;
- discussing the annual audited financial and quarterly statements with our management and the independent auditor;
- discussing earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
- discussing policies with respect to risk assessment and risk management;

- meeting separately, periodically, with management, internal auditors and the independent auditor;
- reviewing with the independent auditor any audit problems or difficulties and management's response;
- setting clear hiring policies for employees or former employees of the independent auditors;
- annually reviewing the adequacy of the audit committee's written charter;
- reviewing with management any legal matters that may have a material impact on us; and
- reporting regularly to our full board of directors.

Compensation Committee

The compensation committee members will be , who will serve as chairman, , and . The compensation committee will operate under a written charter adopted by the board of directors. The committee will be primarily responsible for administering Clear Channel Outdoor's stock incentive plans, performance-based compensation plans and other incentive compensation plans. Also, the committee will determine compensation arrangements for all of our executive officers and will make recommendations to the board of directors concerning compensation policies for us and our subsidiaries.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

Other than Mark P. Mays and Randall T. Mays, who each serve as an executive officer and member of the board of directors of Clear Channel Communications, none of our executive officers serves as a member of the compensation committee or as a member of the board of directors of any other company of which any member of our compensation committee or board of directors is an executive officer.

Code of Business Conduct and Ethics

We adopted a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our chief executive officer, chief financial officer and chief operating officer, which is a "code of ethics" as defined by applicable SEC rules. This code is publicly available on our website at *www.clearchanneloutdoor.com* or may be obtained upon request from our Secretary. If we make any amendments to this code, other than technical, administrative or other non-substantive amendments, or grant any waivers, including implicit waivers, from any provisions of this code that apply to our chief executive officer, chief financial officer or chief operating officer and relate to an element of the SEC's "code of ethics" definition, we will disclose the nature of the amendment or waiver, its effective date and to whom it applies on our website or in a report on Form 8-K filed with the SEC.

Director Compensation

We do not currently pay any compensation to any of our directors. In conjunction with this offering, we will be adding independent directors to our board of directors and plan to pay our non-employee directors an annual cash retainer of $. We may also grant stock options or other stock-based awards to our non-employee directors, and non-employee directors may elect to receive their fees in the form of shares of our Class A common stock. We plan to pay the chairpersons of the audit committee and compensation committee an additional annual cash retainer of approximately $.

Stock Ownership of Directors and Executive Officers

All of the outstanding shares of our Class A common stock and Class B common stock are currently owned by Clear Channel Communications and its affiliates and thus none of our named executive officers (as defined below) or directors owns shares of our Class A common stock or Class B common stock.

The following table sets forth the Clear Channel Communications common stock and options to purchase shares of Clear Channel Communications' common stock held by our directors, the named executive officers and all of our directors and executive officers as a group, as of September 30, 2005. Except as otherwise noted, the individual director or named executive officer (including his or her family members) had sole voting and investment power with respect to the shares of Clear Channel Communications' common stock.

Name	Amount and Nature of Beneficial Ownership
L. Lowry Mays	31,242,193(1)
Mark P. Mays	1,751,246(2)
Randall T. Mays	1,366,101(3)
William D. Parker	—
Marsha McCombs Shields	4,755,353(4)
Dale W. Tremblay	—
Paul J. Meyer	169,374(5)
Franklin G. Sisson, Jr.	46,774(6)
All Directors and Executive Officers as a Group (12 persons)	39,394,537(7)

(1) Includes 2,750,000 shares subject to options held by Mr. L. Mays, 48,456 shares held by trusts of which Mr. L. Mays is the trustee, but not a beneficiary, 26,677,307 shares held by the LLM Partners Ltd of which Mr. L. Mays shares control of the sole general partner, 1,577,120 shares held by the Mays Family Foundation and 102,874 shares held by the Clear Channel Foundation over which Mr. L. Mays has either sole or shared investment or voting authority.

(2) Includes 300,000 shares subject to options held by Mr. M. Mays, 156,252 shares held by trusts of which Mr. M. Mays is the trustee, but not a beneficiary, and 1,022,293 shares held by the MPM Partners, Ltd. Mr. M. Mays controls the sole general partner of MPM Partners, Ltd.

(3) Includes 300,000 shares subject to options held by Mr. R. Mays, 168,228 shares held by trusts of which Mr. R. Mays is the trustee, but not a beneficiary, and 622,575 shares held by RTM Partners, Ltd. Mr. R. Mays controls the sole general partner of RTM Partners, Ltd.

(4) Includes 2,674,780 shares held by a Foundation over which Ms. Shields has either sole or shared investment or voting authority.

(5) Includes 147,500 shares subject to options held by Mr. Meyer.

(6) Includes 46,200 shares subject to options held by Mr. Sisson.

(7) Includes 3,643,800 shares subject to options held by such persons, 327,936 shares held by trusts of which such persons are trustees, but not beneficiaries, 26,677,307 shares held by the LLM Partners Ltd, 1,022,293 shares held by the MPM Partners, Ltd., 622,575 shares held by the RTM Partners, Ltd, 4,354,774 shares held by Foundations over which such person has either sole or shared investment or voting authority.

Executive Compensation

The following table sets forth compensation information for our chief executive officer and our other four most highly compensated individuals, based on employment with Clear Channel Communications as determined by reference to total annual salary and bonus for the last completed fiscal year, who will become our executive officers. All of the information included in this table reflects compensation earned by the individuals for services with Clear Channel Communications. We refer to these individuals as our "named executive officers" in this prospectus.

Summary Compensation Table

		Annual Compensation			Long-Term Compensation			
					Awards		Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)(1)	Restricted Stock Award(s) ($)	Options (#)	LTIP Payout ($)	All Other Compensation ($)
Mark P. Mays(2)	2004	688,469	1,700,000	—	1,113,250(3)	150,000	—	5,125(4)
Randall T. Mays	2004	688,293	1,700,000	—	1,113,250(3)	150,000	—	5,125(4)
Paul J. Meyer	2004	465,686	342,000	—	—	65,000	—	5,125(4)
Roger Parry*(5)	2004	785,355	598,719	—	—	35,000	—	214,502(6)
Franklin G. Sisson, Jr.	2004	249,068	99,250	—	—	15,000	—	4,048(4)

* Mr. Parry resigned his position as Chief Executive Officer of Clear Channel International and remains a non-executive level employee with us.

(1) Perquisites that are less than $50,000 in the aggregate for any named executive officer are not disclosed in the table in accordance with SEC rules.

(2) Mr. Mays was appointed as the President and Chief Executive Officer of Clear Channel Communications on October 20, 2004. Prior thereto, Mark Mays served as the interim Chief Executive Officer and President and Chief Operating Officer of Clear Channel Communications from May 2004 to October 2004 and as the President and Chief Operating Officer of Clear Channel Communications prior to May 2004.

(3) Grants of 25,000 shares of restricted stock were awarded on February 19, 2004. The restricted stock had a fair market value of $837,250 as of December 31, 2004. The restriction will lapse and the shares will vest on February 19, 2009. The holder will receive all cash dividends declared and paid during the vesting period.

(4) Represents the amount of matching contributions paid by Clear Channel Communications under its 401(k) Plan.

(5) Mr. Parry is a citizen of the United Kingdom. The compensation amounts reported in this table have been converted from British pounds to U.S. dollars using the average exchange rate from each applicable year.

(6) Includes $62,902 in contracted payments to Mr. Parry in lieu of a company automobile, $9,334 in contracted payments to Mr. Parry in lieu of medical benefit and $142,266 in contributions paid by Clear Channel Communications to Mr. Parry's pension plan.

Stock Options

The following table sets forth certain information regarding stock options to acquire shares of Clear Channel Communications' common stock granted to our named executive officers in 2004.

Stock Option Grant Table

Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/share)	Expiration Date	Grant Date Present Value ($)(1)
Mark P. Mays	150,000	3.19%	44.53	2/19/09	2,265,000
Randall T. Mays	150,000	3.19%	44.53	2/19/09	2,265,000
Paul J. Meyer	65,000	1.38%	44.53	2/19/09	981,500
Roger Parry*	35,000	0.75%	44.53	2/29/09	528,500
Franklin G. Sisson, Jr.	15,000	0.32%	44.53	2/19/09	226,500

* Mr. Parry resigned his position as Chief Executive Officer of Clear Channel International and remains a non-executive level employee with us.

(1) Present value for this option was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 2.21%, a dividend yield of .90%, a volatility factor of the expected market price of Clear Channel Communications' common stock of 50.0% and the expected life of three years. The present value of stock options granted is based on a theoretical option-pricing model. In actuality, because Clear Channel Communications' employee stock options are not traded on an exchange, optionees can receive no value nor derive any benefit from holding stock options under these plans without an increase in the market price of Clear Channel Communications stock. Such an increase in stock price would benefit all shareholders commensurately.

Exercise of Stock Options

The following table discloses information regarding the exercise of stock options to acquire shares of Clear Channel Communications' common stock by our named executive officers in 2004 and the value of unexercised stock options held by the named executive officers.

Aggregated Option Exercises and Fiscal Year-End Option Value Table

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#) Exercisable/Unexercisable	Value of Unexercised In-The-Money Options at Fiscal Year End ($) Exercisable/Unexercisable
Mark P. Mays	30,000	772,200	266,500/800,000	-0-/-0-
Randall T. Mays	30,000	772,200	266,500/800,000	-0-/-0-
Paul J. Meyer	—	—	103,750/131,250	-0-/-0-
Roger Parry*	—	—	85,224/147,507	-0-/-0-
Franklin G. Sisson, Jr.	—	—	23,112/77,512	17,764/-0-

* Mr. Parry resigned his position as Chief Executive Officer of Clear Channel International and remains a non-executive level employee with us.

Employee Benefit Plans

Our employees currently participate in various incentive, retirement savings, group welfare and other employee benefit plans sponsored by Clear Channel Communications. With certain exceptions, our employees will continue participating in the Clear Channel Communications plans after this offering, in accordance with the terms of the plans and past practice. We will be able to withdraw our participation in any Clear Channel Communications plan (subject to 90 days' notice). Similarly, Clear Channel Communications may terminate our participation in its plans (subject to 90 days' notice). Unless sooner terminated, it is likely that our participation in the Clear Channel Communications employee benefit plans will end if and at such time as Clear Channel Communications owns less than 80% of the total voting power of our common stock. See "Arrangements Between Clear Channel Communications and Us — Employee Matters Agreement." It is anticipated that our stock will be added to the listing of available investments under the Clear Channel Communications 401(k) plan, but there is no assurance that this will occur or continue.

Some of our employees hold stock options and/or shares of Clear Channel Communications restricted stock under the Clear Channel Communications, Inc. 2001 Stock Incentive Plan and certain predecessor stock incentive plans. Some or all of the Clear Channel Communications stock options held by our employees prior to the offering may be converted into options for shares of our Class A common stock. See "— Clear Channel Communications Stock Plan Awards" below. Absent a plan amendment, as long as we remain a subsidiary of Clear Channel Communications, certain of our employees will continue to be eligible for stock awards under the Clear Channel Communications stock incentive plans. Prior to the completion of this offering, we will have in place our own stock incentive and annual incentive compensation plans for our eligible employees. See "— Our New Stock Incentive Plan" and "— Annual Incentive Plan." We expect to make awards under our new stock incentive plan shortly after the completion of this offering. However, the number of shares covered by the initial awards and details relating to individual awards have not yet been determined.

We will reimburse Clear Channel Communications for the costs and expenses incurred by it and its other affiliates in connection with the continuing coverage of our employees in the Clear Channel Communications employee benefit plans and in connection with its or their services relating to payroll administration and the administration of our own stock incentive and other plans. See "Arrangements Between Clear Channel Communications and Us — Corporate Services Agreement" for information concerning our reimbursement obligations to Clear Channel Communications. We will continue to bear

the cost of and retain responsibility for employment-related liabilities and obligations with respect to our employees, regardless of when incurred.

Clear Channel Communications Stock Plan Awards

Before this offering, some of our employees received Clear Channel Communications stock options and restricted stock under the Clear Channel Communications, Inc. Stock Incentive Plans.

It is anticipated that some or all of the outstanding Clear Channel Communications stock options held by our employees will be converted into adjusted options to purchase shares of our Class A common stock. The number of shares and the exercise price per share under each converted option will be adjusted such that the ratio of the per share exercise price to the per share value of our stock and the total intrinsic value of the option are the same after the conversion as they were prior to the conversion. Generally, the converted stock options will continue to be governed by their original vesting and other terms and conditions. We will be responsible for administering and honoring the converted Clear Channel Communications stock options held by our employees, and Clear Channel Communications will have no further liability with respect to those options.

The restricted shares of Clear Channel Communications stock held by our employees will continue to be subject to the forfeiture conditions and transfer restrictions and the other terms and conditions of the original award relating to those shares and of the Clear Channel Communications, Inc. 2001 Stock Incentive Plan. In the event of the completion of the previously-announced spin-off of the entertainment business of Clear Channel Communications, our employees who hold restricted shares of Clear Channel Communications stock under the Clear Channel Communications, Inc. 2001 Stock Incentive Plan will receive fully vested shares of the newly created company's stock in connection with the spin-off distribution, on the same basis as other stockholders of Clear Channel Communications generally.

Annual Incentive Plan

For 2005, our executive officers and other key employees will generally be entitled to receive incentive compensation in accordance with the terms of the performance-based awards previously made to them under the Clear Channel Communications, Inc. 2005 Annual Incentive Plan. However, at least as to our named executive officers, we will be responsible for determining the amounts, if any, that are payable under those awards, subject to such adjustments as are deemed appropriate in light of the corporate restructuring by Clear Channel Communications, including the spin-off of the entertainment business of Clear Channel Communications and this offering.

For 2006, our executive officers and other designated key employees will participate in our own 2006 Annual Incentive Plan, which has been adopted by our board of directors and approved by Clear Channel Communications, in its capacity as our sole stockholder. In general, the plan provides for the payment of annual bonuses tied to the achievement of pre-established performance objectives fixed by the committee. We intend that bonuses under our plan will qualify for the performance-based-compensation exemption from the executive compensation deduction limitations of section 162(m) of the Code. Toward that end, in order to satisfy regulations issued under section 162(m), we expect to submit our plan for approval at the annual meeting of our stockholders occurring after the first anniversary of this offering.

Our annual incentive plan will be administered by the compensation committee of our board of directors. The committee will have the authority to select the executive officers and other key employees to whom awards will be made, to prescribe the performance objectives which must be satisfied pursuant to such awards, and to make the determinations necessary with respect to the administration and payment of such awards. The performance objectives that may be established for awards made under the plan may be based upon any one or more of the following business criteria: revenue growth, operating income before depreciation, amortization and non-cash compensation expense, or OIBDAN, OIBDAN growth, funds from operations, funds from operations per share and per share growth, operating income and operating income growth, net earnings, earnings per share and per share growth, return on equity, return on assets, share price performance on an absolute basis and relative to an index, improvements in attainment of

expense levels, implementing or completion of critical projects, improvement in cash-flow (before or after tax). Performance objectives may be based upon the performance of such person or persons, as the committee may determine, including an individual or group of individuals, our company on a combined basis, one or more subsidiaries or other affiliates, and one or more divisions or business units. Performance objectives may be expressed in fixed or relative quantitative terms or in other ways, including, for example, targets relative to past performance, or targets compared to the performance of other companies, such as a published or special index or a group of companies selected by the committee for comparison. The committee may provide that the amount, if any, of a participant's annual bonus will be higher or lower, depending upon the extent to which the applicable performance objective is achieved.

Performance objectives applicable to a performance period must be established by the committee prior to, or reasonably soon after the beginning of a performance period, but no later than the 90 days from the beginning of the period or, if earlier, the date 25% of the period has elapsed.

Upon certification of the achievement of performance objectives by the committee which entitle a participant to the payment of a performance award, subject to deferral arrangements that may be permitted or required by the committee, the award shall be settled in cash or other property. The maximum performance bonus that may be earned by any participant in any calendar year is limited to $15.0 million.

The committee is authorized to reduce or eliminate the performance award of any participant, for any reason, including changes in the participant's position or duties, whether due to termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. To the extent necessary to preserve the intended economic effects of the plan or an award under the plan, the committee is authorized to adjust pre-established performance objectives and/or performance awards to take into account certain material events, such as a change in corporate capitalization, a corporate transaction, a partial or complete liquidation of our company or any subsidiary, or certain changes in accounting rules; provided that no such adjustment may cause a performance award to be non-deductible under Section 162(m) of the Code.

Our board of directors or the committee may, at any time, or from time to time, amend the plan. Any such amendment may be made without stockholder approval unless such approval is required to maintain the status of the plan under Section 162(m) of the Code. Our board of directors may terminate the plan at any time.

Our New Stock Incentive Plan

Our board of directors adopted and our sole stockholder approved the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan. The purpose of the plan is to help us attract, motivate and retain qualified executives and other key personnel. In furtherance of this purpose, the plan authorizes us to grant various forms of incentive awards, including stock options, stock appreciation rights, restricted stock, deferred stock awards and performance-based cash and stock awards. See "— Forms of Award" below.

The plan and certain tax aspects of awards made under the plan are summarized below.

Administration

The plan will be administered by the compensation committee of our board of directors; however, the full board of directors will have sole responsibility and authority for making and administering awards to any of our non-employee directors. Subject to the terms of the plan, the committee has broad authority to select the persons to whom awards will be made, fix the terms and conditions of each award, and construe, interpret and apply the provisions of the plan and of any award made under the plan. The committee may delegate any of its responsibilities and authority, subject to applicable law. Subject to certain limitations, we will indemnify the members of the committee against claims made and liabilities and expenses incurred in connection with their service under the plan.

Securities Covered by the Plan

We can issue a total of shares of our common stock under the plan. The following shares are not taken into account in applying these limitations: (i) shares covered by awards that expire or are forfeited, canceled or settled in cash, (ii) shares withheld by us for the payment of taxes associated with an award, (iii) shares withheld by us for the payment of the exercise price under an award and (iv) previously owned shares received by us in payment of the exercise price under an award.

Individual Award Limitations

No participant may receive awards in any calendar year covering more than one million shares plus the amount of the participant's unused annual limit as of the close of the preceding calendar year. No participant may receive performance-based cash awards under the plan in any calendar year covering more than $5.0 million plus the amount of the participant's unused annual limit as of the close of the preceding calendar year.

Eligibility

Awards may be made under the plan to any of our present or future directors, officers, employees, consultants or advisers. In connection with this offering and other related corporate restructurings, Clear Channel Communications stock options held by certain of our employees and other personnel will be converted into options or other awards for shares of our Class A common stock. The shares of our Class A common stock covered by such adjusted or converted Clear Channel Communications awards will not be taken into account in applying our plan's share limitations. See "— Clear Channel Communications Stock Plan Awards" below.

Forms of Award

Stock Options and Stock Appreciation Rights. We may grant stock options that qualify as "incentive stock options" under Section 422 of the Code, or ISOs, as well as stock options that do not qualify as ISOs. ISOs may not be granted more than 10 years after the date the plan is adopted. We may also grant stock appreciation rights, or SARs. In general, an SAR gives the holder the right to receive the appreciation in value of the shares of company stock covered by the SAR from the date the SAR is granted to the date the SAR is exercised. The per share exercise price of a stock option and the per share base value of an SAR may not be less than the fair market value per share of common stock on the date the option or SAR is granted. The maximum term of a stock option is 10 years (different limitations apply to ISOs granted to 10% stockholders: the term may not be greater than five years and the exercise price may not be less than 110% of the value of our common stock on the date the option is granted). The committee may impose such exercise, forfeiture and other conditions and limitations as it deems appropriate with respect to stock options and SARs. The exercise price under a stock option may be paid in cash or in any other form or manner permitted by the committee, including, without limitation, payment of previously owned shares of stock, or payment pursuant to broker-assisted cashless exercise procedures. Methods of exercise and settlement and other terms of SARs will be determined by the committee.

Restricted Stock and Deferred Stock Awards. The plan authorizes the committee to make restricted stock awards, pursuant to which shares of common stock are issued to designated participants subject to transfer restrictions and vesting conditions. In general, if the recipient of a restricted stock award terminates employment before the end of the specified vesting period or if the recipient fails to meet performance or other specified vesting conditions, the restricted shares will be forfeited by the recipient and will revert to us. Subject to such conditions as the committee may impose, the recipient of a restricted stock award may be given the rights to vote and receive dividends on shares covered by the award pending the vesting or forfeiture of the shares.

Deferred stock awards generally consist of the right to receive shares of common stock in the future, subject to such conditions as the committee may impose, including, for example, continuing employment or service for a specified period of time or satisfaction of specified performance criteria. Deferred stock awards may be made in a number of different forms, including "stock units" and "restricted stock units."

Prior to settlement, deferred stock awards do not carry voting, dividend or other rights associated with stock ownership; however, dividend equivalents may be payable if the committee so determines.

Other Stock-Based Awards. The plan gives the committee broad discretion to grant other types of equity-based awards, including, for example, dividend equivalent rights, phantom shares, and bonus shares, and to provide for settlement in cash and/or shares. The plan also allows non-employee directors to elect to receive their director fees in the form of Class A common stock, in lieu of cash.

Performance-Based Awards. The committee may also grant performance awards under the plan. In general, performance awards would provide for the payment of cash and/or shares of Class A common stock upon the achievement of performance objectives established by the committee for a fiscal year or other designated performance period. Performance objectives may be based upon any one or more of the following business criteria: (i) earnings per share, (ii) share price or total shareholder return, (iii) pretax profits, (iv) net earnings, (v) return on equity or assets, (vi) revenues, (vii) operating income before depreciation, amortization and non-cash compensation expense, or OIBDAN, (viii) market share or market penetration, or (ix) any combination of the foregoing. Performance objectives may be based upon the performance of such person or persons, as the committee may determine, including an individual or group of individuals, our company on a combined basis, one or more subsidiaries or other affiliates, and one or more divisions or business units. Performance objectives may be expressed in fixed or relative quantitative terms or in other ways, including, for example, targets relative to past performance, or targets compared to the performance of other companies, such as a published or special index or a group of companies selected by the committee for comparison.

Adjustments of Awards

Capital Changes. In the event of material changes to our capital structure, including, for example, a recapitalization, stock split or spin-off, appropriate adjustments will be made to the maximum number of shares and the class of shares or other securities which may be issued under the plan, the maximum number and class of shares which may be covered by awards made to an individual in any calendar year, the number and class of shares or other securities subject to outstanding awards and, where applicable, the exercise price, base value or purchase price under outstanding awards.

Merger and Other Transactions. If we enter into a merger or other transaction involving the sale of our company, outstanding options and SARs will either become fully vested and exercisable, or assumed by and converted into options or SARs for shares of the acquiring company. Our board of directors may make similar adjustments to other outstanding awards under the plan and may direct a cashout of any or all outstanding awards based upon the value of the consideration paid for our shares in the merger or other transaction giving rise to the adjustment of plan awards. Additional or different types of adjustments may be permitted or required under the terms of individual plan awards, as the committee may determine.

No Repricing of Stock Options. Subject to the provisions of the plan regarding adjustments due to a change in capital structure, the committee will have no authority to reprice outstanding options, whether through amendment, cancellation or replacement grants, without approval of our stockholders.

Amendment and Termination of the Plan; Term

Except as may otherwise be required by law or the requirements of any stock exchange or market upon which the common stock may then be listed, our board of directors, acting in its sole discretion and without further action on the part of our stockholders, may amend the plan at any time and from time to time and may terminate the plan at any time.

United States Income Tax Considerations

The grant of a stock option or SAR under the plan is not a taxable event for federal income tax purposes. In general, ordinary income is realized upon the exercise of a stock option (other than an ISO) in an amount equal to the excess of the fair market value on the exercise date of the shares acquired pursuant to the exercise over the option exercise price paid for the shares. The amount of ordinary income realized upon the exercise of an SAR is equal to the excess of the fair market value of the shares covered

by the exercise over the SAR base price. We are entitled to a deduction equal to the amount of ordinary income realized by a plan participant upon the exercise of an option or SAR. The tax basis of shares acquired upon the exercise of a stock option (other than an ISO) or SAR is equal to the value of the shares on the date of exercise. Upon a subsequent sale of the shares, capital gain or loss will be realized in an amount equal to the difference between the selling price and the basis of the shares.

No income is realized upon the exercise of an ISO other than for purposes of the alternative minimum tax. Income or loss is realized upon a disposition of shares acquired pursuant to the exercise of an ISO. If the disposition occurs more than one year after the ISO exercise date and more than two years after the ISO grant date, then gain or loss on the disposition, measured by the difference between the selling price and the option exercise price for the shares, will be long-term capital gain or loss. If the disposition occurs within one year of the exercise date or within two years of the grant date, then the gain realized on the disposition will be taxable as ordinary income to the extent such gain is not more than the difference between the value of the shares on the date of exercise and the exercise price, and the balance of the gain, if any, will be capital gain. We are not entitled to a deduction with respect to the exercise of an ISO; however, we are entitled to a deduction corresponding to the ordinary income realized by a participant upon a disposition of shares acquired pursuant to the exercise of an ISO before the satisfaction of the applicable one- and two-year holding period requirements described above.

In general, a participant will realize ordinary income with respect to common stock received pursuant to restricted stock, deferred stock and other non-stock option and non-SAR forms of award at the time the shares become vested in accordance with the terms of the award in an amount equal to the fair market value of the shares at the time they become vested, and we are entitled to a corresponding deduction. A participant may make an “early income election” with respect to the receipt of restricted shares of common stock, in which case the participant will realize ordinary income on the date the restricted shares are received equal to the difference between the value of the shares on that date and the amount, if any, paid for the shares. In such event, any appreciation in the value of the shares after the date of the award will be taxable as capital gain upon a subsequent disposition of the shares. Our deduction is limited to the amount of ordinary income realized by the participant as a result of the early income election.

Compensation that qualifies as “performance-based” is exempt from the $1.0 million deductibility limitation imposed by Section 162(m) of the Code. It is contemplated that stock options and SARs granted under the plan with an exercise price or base price at least equal to 100% of fair market value of the underlying stock at the date of grant and certain other plan awards which are conditioned upon achievement of performance goals will be able to qualify for the “performance-based” compensation exemption, assuming the applicable requirements are satisfied. It is anticipated that the plan will be resubmitted for stockholder approval at or before the annual meeting of our stockholders next following the first anniversary of the initial public offering. Such approval would enable us to continue to qualify for an exception to the annual $1.0 million executive compensation deduction limitations of Section 162(m) of the Code with respect to certain awards made under the plan.

The above summary pertains solely to certain U.S. federal income tax consequences associated with awards made under the plan. The summary does not address all federal income tax consequences and it does not address state, local and non-U.S. tax considerations.

Employment Agreements

Mark P. Mays and Randall T. Mays each have employment agreements with Clear Channel Communications. Paul J. Meyer has an employment agreement with us. Set forth below are summaries of these agreements.

On March 10, 2005, Clear Channel Communications entered into amended and restated employment agreements with Mark P. Mays and Randall T. Mays. These agreements amended and restated existing employment agreements dated October 1, 1999 between Clear Channel Communications and the executives. Each amended and restated agreement has a term of seven years with automatic daily extensions unless Clear Channel Communications or the executive elects not to extend the agreement. Each of these employment agreements provides for a minimum base salary, subject to review and annual

increase by the compensation committee of Clear Channel Communications. In addition, each agreement provides for an annual bonus pursuant to Clear Channel Communications' Annual Incentive Plan or as the executive performance subcommittee of the compensation committee of Clear Channel Communications determines. The employment agreements with Mark Mays and Randall Mays provide for base minimum salaries of $350,000 and $325,000, respectively, and for minimum option grants to acquire 50,000 shares of Clear Channel Communications common stock; provided, however, that the annual option grant will not be smaller than the option grant in the preceding year unless waived by the executive. Each option will be exercisable at fair market value at the date of grant for a 10-year period even if the executive is not employed by Clear Channel Communications. The compensation committee of Clear Channel Communications or the executive performance subcommittee of the compensation committee of Clear Channel Communications will determine the schedule upon which the options will vest and become exercisable.

Each of these executive employment agreements provides for severance and change-in-control payments in the event that Clear Channel Communications terminates the executive's employment without "Cause" or if the executive terminates for "Good Reason." "Cause" is narrowly defined, and any determination of "Cause" is subject to a supermajority vote of Clear Channel Communications' independent directors. "Good Reason" includes defined change-in-control transactions involving Clear Channel Communications, Clear Channel Communications' election not to automatically extend the term of the employment agreement, a diminution in the executive's pay, duties or title or, (i) in the case of Mark Mays, at any time that the office of Chairman is held by someone other than himself, L. Lowry Mays or Randall Mays; or (ii) in the case of Randall Mays, at any time that either of the offices of Chairman or President and Chief Executive Officer is held by someone other than himself, L. Lowry Mays or Mark Mays. If either executive is terminated by Clear Channel Communications without "Cause" or the executive resigns for "Good Reason" then that executive will receive a lump-sum cash payment equal to the base salary and bonus that otherwise would have been paid for the remainder of the term of the agreement (using the highest bonus paid to the executive in the three years preceding the termination but not less than $1,000,000), continuation of benefits, immediate vesting on the date of termination of all stock options held by the executive on the date of termination, and either: (i) an option to acquire 1,000,000 shares of Clear Channel Communications' common stock at fair market value as of the date of termination that is fully vested and exercisable for a period of 10 years, or (ii) a grant of a number of shares of Clear Channel Communications' common stock equal to: (a) 1,000,000, divided by (b) the number computed by dividing: (x) the last reported sale price of Clear Channel Communications' common stock on the New York Stock Exchange at the close of the trading day immediately preceding the date of termination of executive's employment, by (y) the value of the stock option described in clause (i) above as determined by Clear Channel Communications in accordance with generally accepted accounting principles. Certain tax gross up payments would also be due on such amounts. In the event the executive's employment is terminated without "Cause" or for "Good Reason," the employment agreements also restrict the executive's business activities that compete with the business of Clear Channel Communications for a period of two years following such termination.

On August 5, 2005, we entered into an employment agreement with Paul J. Meyer. The initial term of the agreement ends on the third anniversary of the date of the agreement; the term automatically extends one day at a time beginning on the second anniversary of the date of the agreement, unless one party gives the other one year's notice of expiration at or prior to the second anniversary of the date of the agreement. The contract calls for Mr. Meyer to be our President and Chief Operating Officer for a base salary of $600,000 in the first year of the agreement; $625,000 in the second year of the agreement; and $650,000 in the third year of the agreement, subject to additional annual raises thereafter in accordance with company policies. Mr. Meyer is also eligible to receive a performance bonus as decided at the sole discretion of our board of directors and the compensation committee.

Mr. Meyer may terminate his employment at any time after the second anniversary of the date of the agreement upon one year's written notice. We may terminate Mr. Meyer without "Cause" after the second anniversary of the date of the agreement upon one year's written notice. "Cause" is narrowly defined in the agreement. If Mr. Meyer is terminated without "Cause," he is entitled to receive a lump sum payment of accrued and unpaid base salary and prorated bonus, if any, and any payments to which he may be

entitled under any applicable employee benefit plan. Mr. Meyer is prohibited by his employment agreement from activities that compete with us for one year after he leaves us and he is prohibited from soliciting our employees for employment for 12 months after termination regardless of the reason for termination of employment.

Certain Relationships and Related Transactions

Each of Mark T. Mays, Randall P. Mays and L. Lowry Mays, our current directors, is an executive officer of Clear Channel Communications. We currently have issued three intercompany notes to Clear Channel Communications in the aggregate principal amount of approximately $4.0 billion, which represents in excess of five percent of our total consolidated assets at December 31, 2004 and June 30, 2005. In connection with this offering, approximately $1.5 billion of such indebtedness will be repaid or otherwise extinguished. Marsha McCombs Shields, one of our prospective directors, is the daughter of one of the founders and one of the board members of Clear Channel Communications.

ARRANGEMENTS BETWEEN CLEAR CHANNEL COMMUNICATIONS AND US

We have provided below a summary description of the Master Agreement between Clear Channel Communications and us and the other key agreements that relate to our separation from and post-separation relationship with Clear Channel Communications. This description, which summarizes the material terms of these agreements, is not complete. You should read the full text of these agreements, which have been included as exhibits to the registration statement of which this prospectus is a part.

Relationship with Clear Channel Communications

Immediately prior to this offering, Clear Channel Communications through its wholly owned subsidiary, Clear Channel Holdings, Inc., is our only stockholder. After this offering, Clear Channel Communications will own all of our outstanding shares of Class B common stock, representing approximately % of the outstanding shares of our common stock and approximately % of the total voting power of our common stock. For as long as Clear Channel Communications continues to own shares of common stock representing more than 50% of the total voting power of our common stock, Clear Channel Communications will be able to direct the election of all the members of our board of directors and exercise a controlling influence over our business and affairs, including any determinations with respect to mergers or other business combinations involving us, our acquisition or disposition of assets, our incurrence of indebtedness, the issuance of any additional common stock or other equity securities, the repurchase or redemption of common stock or preferred stock and the payment of dividends. Similarly, Clear Channel Communications will have the power to determine or significantly influence the outcome of matters submitted to a vote of our stockholders, will have the power to prevent a change in control of us and could take other actions that might be favorable to Clear Channel Communications. See “Description of Capital Stock.”

Prior to the completion of this offering, we will enter into a Master Agreement and a number of other agreements with Clear Channel Communications setting forth various matters governing our separation from Clear Channel Communications and our relationship with Clear Channel Communications while it remains a significant stockholder in us. These agreements will govern our relationship with Clear Channel Communications after this offering and will provide for, among other things, the allocation of employee benefit, tax and other liabilities and obligations attributable to our operations.

Set forth below are descriptions of certain agreements, relationships and transactions we will have with Clear Channel Communications. The following descriptions and summaries of each of the agreements with Clear Channel Communications are qualified in their entirety by reference to the complete texts of the agreements, which are incorporated by reference into this prospectus and are attached as an exhibit to the registration statement in which this prospectus is included. We encourage you to read each of the agreements in its entirety for a more complete description of the terms and conditions of each agreement.

Master Agreement

We will enter into a master agreement with Clear Channel Communications prior to the completion of this offering. In this prospectus, we refer to this agreement as the Master Agreement. The Master Agreement will set forth our agreements with Clear Channel Communications regarding the principal transactions required to effect the transfer of assets and the assumption of liabilities necessary to complete the separation of our company from Clear Channel Communications. It also will set forth other agreements governing our relationship after the separation.

The Transfers

To effect the separation, Clear Channel Communications will, and will cause its affiliates to, transfer to us the assets related to our businesses not currently owned by us, as described in this prospectus. We or our subsidiaries will assume and agree to perform, discharge and fulfill the liabilities related to our businesses for which Clear Channel Communications or its affiliates are presently obligated (which, in the case of tax liabilities, will be governed by the Tax Matters Agreement described below). If any governmental approval or other consent required to transfer any assets to us or for us to assume any liabilities is not obtained prior to the completion of this offering, we will agree with Clear Channel

Communications that such transfer or assumption will be deferred until the necessary approvals or consents are obtained. Clear Channel Communications will continue to hold the assets and be responsible for the liabilities for our benefit and at our expense until the necessary approvals or consents are obtained.

Similarly, we will, and will cause our subsidiaries to, transfer to Clear Channel Communications the assets related to its business currently owned by us. Clear Channel Communications will assume from us and agree to perform, discharge and fulfill the liabilities related to its business for which we are presently obligated.

Except as expressly set forth in the Master Agreement or in any other transaction document, neither we nor Clear Channel Communications will make any representation or warranty as to:

- the assets, businesses or liabilities contributed, transferred or assumed as part of the separation;
- any consents or approvals required in connection with the transfers;
- the value, or freedom from any security interests, of, or any other matter concerning, any assets transferred;
- the absence of any defenses or right of set-off or freedom from counterclaim with respect to any claim or other assets of either us or Clear Channel Communications; or
- the legal sufficiency of any document or instrument delivered to convey title to any asset transferred.

Except as expressly set forth in any transaction document, all assets will be transferred on an "as is," "where is" basis, and we and our subsidiaries will agree to bear the economic and legal risks that any conveyance was insufficient to vest in us good title, free and clear of any security interest, and that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

Auditors and Audits; Annual Financial Statements and Accounting

We have agreed that, for so long as Clear Channel Communications is required to consolidate our results of operations and financial position or account for its investment in our company under the equity method of accounting, we will maintain a fiscal year end and accounting periods the same as Clear Channel Communications, conform our financial presentation with that of Clear Channel Communications and we will not change our independent auditors without Clear Channel Communications' prior written consent (which will not be unreasonably withheld), and we will use commercially reasonable efforts to enable our independent auditors to complete their audit of our financial statements in a timely manner so as to permit timely filing of Clear Channel Communications' financial statements. We have also agreed to provide to Clear Channel Communications all information required for Clear Channel Communications to meet its schedule for the filing and distribution of its financial statements and to make available to Clear Channel Communications and its independent auditors all documents necessary for the annual audit of our company as well as access to the responsible personnel so that Clear Channel Communications and its independent auditors may conduct their audits relating to our financial statements. We will provide Clear Channel Communications with financial reports, financial statements, budgets, projections, press releases and other financial data and information with respect to our business, properties and financial positions. We have also agreed to adhere to certain specified disclosure controls and procedures and Clear Channel Communications accounting policies and to notify and consult with Clear Channel Communications regarding any changes to our accounting principles and estimates used in the preparation of our financial statements, and any deficiencies in, or violations of law in connection with, our internal control over financial reporting and certain fraudulent conduct and other violations of law.

Exchange of Other Information

The Master Agreement will also provide for other arrangements with respect to the mutual sharing of information between Clear Channel Communications and us in order to comply with reporting, filing, audit or tax requirements, for use in judicial proceedings, and in order to comply with our respective obligations

after the separation. We will also agree to provide mutual access to historical records relating to the other's businesses that may be in our possession.

Releases and Indemnification

Except for each party's obligations under the Master Agreement, the other transaction documents and certain other specified liabilities, we and Clear Channel Communications will release and discharge each other and each of our affiliates, and their directors, officers, agents and employees from all liabilities existing or arising between us on or before the separation, including in connection with the separation and this offering. The releases will not extend to obligations or liabilities under any agreements between Clear Channel Communications and us that remain in effect following the separation.

We will indemnify, hold harmless and defend Clear Channel Communications, each of its affiliates and each of their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure by us or any of our affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities or contractual obligations associated with our businesses, whether arising before or after the separation;
- the operations, liabilities and contractual obligations of our business whether arising before or after the separation;
- any guarantee, indemnification obligation, surety bond or other credit support arrangement by Clear Channel Communications or any of its affiliates for our benefit;
- any breach by us or any of our affiliates of the Master Agreement, the other transaction documents or our amended and restated certificate of incorporation or bylaws;
- any untrue statement of, or omission to state, a material fact in Clear Channel Communications' public filings to the extent the statement or omission was as a result of information that we furnished to Clear Channel Communications or that Clear Channel Communications incorporated by reference from our public filings, if the statement or omission was made or occurred after the separation; and
- any untrue statement of, or omission to state, a material fact in any registration statement or prospectus related to this offering, except to the extent the statement was made or omitted in reliance upon information provided to us by Clear Channel Communications expressly for use in any such registration statement or prospectus or information relating to and provided by any underwriter expressly for use in any such registration statement or prospectus.

Clear Channel Communications will indemnify, hold harmless and defend us, each of our affiliates and each of our and their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure of Clear Channel Communications or any of its affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities of Clear Channel Communications or its affiliates, other than liabilities associated with our businesses, whether arising before or after the separation;
- the liabilities of Clear Channel Communications and its affiliates' businesses, other than liabilities associated with our businesses;
- any breach by Clear Channel Communications or any of its affiliates of the Master Agreement or the other transaction documents;
- any untrue statement of, or omission to state, a material fact in our public filings to the extent the statement or omission was as a result of information that Clear Channel Communications furnished to us or that we incorporated by reference from Clear Channel Communications' public filings, if the statement or omission was made or occurred after the separation; and

- any untrue statement of, or omission to state, a material fact contained in any registration statement or prospectus related to this offering, but only to the extent the statement or omission was made or omitted in reliance upon information provided by Clear Channel Communications expressly for use in any such registration statement or prospectus.

The Master Agreement will also specify procedures with respect to claims subject to indemnification and related matters and will provide for contribution in the event that indemnification is not available to an indemnified party.

Expenses of the Separation and Our Initial Public Offering. Clear Channel Communications will pay or reimburse us for all out-of-pocket fees, costs and expenses (including all legal, accounting and printing expenses) incurred prior to the completion of this offering in connection with our separation from Clear Channel Communications, except that we shall be responsible for fees and expenses attributable to this offering.

Dispute Resolution Procedures

We will agree with Clear Channel Communications that neither party will commence any court action to resolve any dispute or claim arising out of or relating to the Master Agreement, subject to certain exceptions. Instead, any dispute that is not resolved in the normal course of business will be submitted to senior executives of each business entity involved in the dispute for resolution. If the dispute is not resolved by negotiation within 45 days after submission to the executives, either party may submit the dispute to mediation. If the dispute is not resolved by mediation within 30 days after the selection of a mediator, either party may submit the dispute to binding arbitration before a panel of three arbitrators. The arbitrators will determine the dispute in accordance with Texas law. Most of the other agreements between Clear Channel Communications and us have similar dispute resolution provisions.

Other Provisions

The Master Agreement also will contain covenants between Clear Channel Communications and us with respect to other matters, including the following:

- our agreement (subject to certain limited exceptions) not to repurchase shares of our outstanding Class A common stock or any other securities convertible into or exercisable for our Class A common stock, without first obtaining the prior written consent or affirmative vote of Clear Channel Communications, for so long as Clear Channel Communications owns more than 50% of the total voting power of our common stock;

- confidentiality of our and Clear Channel Communications' information;

- our right to continue coverage under Clear Channel Communications' insurance policies for so long as Clear Channel Communications owns more than 50% of our outstanding common stock;

- restrictions on our ability to take any action or enter into any agreement that would cause Clear Channel Communications to violate any law, organizational document, agreement or judgment;

- restrictions on our ability to take any action that limits Clear Channel Communications' ability to freely sell, transfer, pledge or otherwise dispose of our stock;

- our obligation to comply with Clear Channel Communications' policies applicable to its subsidiaries for so long as Clear Channel Communications owns more than 50% of the total voting power of our outstanding common stock, except (i) to the extent such policies conflict with our amended and restated certificate of incorporation or bylaws or any of the agreements between Clear Channel Communications and us, or (ii) as otherwise agreed with Clear Channel Communications or superseded by any policies adopted by our board of directors; and

- restrictions on our ability to enter into any agreement that binds or purports to bind Clear Channel Communications.

Table of Contents

Approval Rights of Clear Channel Communications on Certain of our Activities

Until the first date on which Clear Channel Communications owns less than 50% of the total voting power of our common stock, the prior affirmative vote or written consent of Clear Channel Communications is required for the following actions (subject in each case to certain agreed exceptions):

- a merger involving us or any of our subsidiaries (other than mergers involving our subsidiaries or to effect acquisitions permitted under our amended and restated certificate of incorporation);
- acquisitions by us or our subsidiaries of the stock or assets of another business for a price (including assumed debt) in excess of $5 million;
- dispositions by us or our subsidiaries of assets in a single transaction or a series of related transactions for a price (including assumed debt) in excess of $5 million;
- incurrence or guarantee of debt by us or our subsidiaries in excess of $400.0 million outstanding at any one time or that could reasonably be expected to result in a negative change in any of our credit ratings, excluding our debt with Clear Channel Communications described in this prospectus, intercompany debt (within our company and its subsidiaries), and debt determined to constitute operating leverage by a nationally recognized statistical rating organization;
- issuance by us or our subsidiaries of capital stock or other securities convertible into capital stock;
- enter into any agreement restricting our ability or the ability of any of our subsidiaries to pay dividends, borrow money, repay indebtedness, make loans or transfer assets, in any such case to our company or Clear Channel Communications;
- dissolution, liquidation or winding up of our company or any of our subsidiaries;
- adoption of a rights agreement; and
- alteration, amendment, termination or repeal of, or adoption of any provision inconsistent with, the provisions of our amended and restated certificate of incorporation or our bylaws relating to our authorized capital stock, the rights granted to the holders of the Class B common stock, amendments to our bylaws, stockholder action by written consent, stockholder proposals and meetings, limitation of liability of and indemnification of our officers and directors, the size or classes of our board of directors, corporate opportunities and conflicts of interest between our company and Clear Channel Communications, and Section 203 of the Delaware General Corporation Law.

Corporate Services Agreement

We will enter into a corporate services agreement with Clear Channel Communications or one of its affiliates prior to the completion of this offering to provide us certain administrative and support services and other assistance in the United States consistent with the services provided to us before the offering. In this prospectus, we refer to this agreement as the Corporate Services Agreement. The services Clear Channel Communications will provide us, as qualified in the agreement, include, without limitation, the following:

- treasury, payroll and other financial related services;
- executive officer services;
- human resources and employee benefits;
- legal and related services;
- information systems, network and related services;
- investment services;
- corporate services; and
- procurement and sourcing support.

The charges for the corporate services generally are intended to allow Clear Channel Communications to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. The allocation of cost will be based on various measures depending on the service provided, which measures will include relative revenue, employee headcount or number of users of a service.

Under the Corporate Services Agreement, we and Clear Channel Communications will each have the right to purchase goods or services, use intellectual property licensed from third parties and realize other benefits and rights under the other party's agreements with third-party vendors to the extent allowed by such vendor agreements. The agreement also will provide for the lease or sublease of certain facilities used in the operation of our respective businesses and for access to each other's computing and telecommunications systems to the extent necessary to perform or receive the corporate services.

The Corporate Services Agreement will require Clear Channel Communications to continue to make available to us the range of services provided by Clear Channel Communications prior to this offering, as qualified by such agreement, and will require us to utilize such services in the conduct of our business until such time as Clear Channel Communications owns less than 50% of the total voting power of our common stock. The Corporate Services Agreement may be terminated by mutual agreement of Clear Channel Communications and us at any time, or upon no less than six months prior notice after such time as Clear Channel Communications owns less than 50% of the total voting power of our common stock. However, the Corporate Services Agreement will require Clear Channel Communications to provide, and us to continue to use, certain specified services, generally related to information technology, for a period of time specified in the agreement after the expiration of the six month notice period. Our participation in the Clear Channel Communications employee benefit plans may be terminated by us or by Clear Channel Communications on 90 days' notice and, unless otherwise agreed, will terminate if and when Clear Channel Communications owns less than 80% of the total combined voting power of our common stock. See "— Employee Matters Agreement" below. Under the terms of the Corporate Services Agreement, Clear Channel Communications will not be liable to us for or in connection with any services rendered pursuant to the agreement or for any actions or inactions taken by Clear Channel Communications in connection with the provision of services. However, Clear Channel Communications will be liable for, and will indemnify a receiving party for, liabilities resulting from its gross negligence, willful misconduct, improper use or disclosure of client information or violations of law, subject to a cap on Clear Channel Communications' liability of the amount received by Clear Channel Communications under the Corporate Services Agreement during the immediately preceding 12-month period. Additionally, we will indemnify Clear Channel Communications for any losses arising from the provision of services, except to the extent the liabilities are caused by Clear Channel Communications' gross negligence or material breach of the Corporate Services Agreement.

The Corporate Services Agreement provides that, with respect to executive services, after this offering Clear Channel Communications will make available to us, and we will be obligated to utilize, the services of Mark P. Mays, to serve as our Chief Executive Officer, and Randall T. Mays, to serve as our Chief Financial Officer. Our obligation to utilize the services of each of Mark and Randall Mays in these capacities will continue until Clear Channel Communications owns less than 50% of the voting power of our common stock, and our board will not have contractual discretion to appoint another individual to either office without the consent of Clear Channel Communications. Clear Channel Communications will charge an allocable portion of the compensation and benefits costs of such persons based on the ratio of our OIBDAN to the total Clear Channel Communications OIBDAN using the previous year's fiscal results. The compensation and benefits costs allocated to us will include such executives' salary, bonus and other standard employee benefits, but will exclude equity based compensation. Because bonus is a major component of the allocable part of such executives' compensation and increase in OIBDAN is a major element in calculating such bonus, OIBDAN was used as the basis for making the allocation of overall compensation expense between Clear Channel Communications and us.

Each of Mark and Randall Mays will be employed by Clear Channel Communications, and will spend a substantial part of his professional time and effort on behalf of Clear Channel Communications. In

addition, both Mark and Randall Mays will serve as directors of the entertainment business of Clear Channel Communications, which is being spun off by Clear Channel Communications to its stockholders. We have not established any minimum time requirements for such officers. In addition, Mark and Randall Mays will continue to participate in Clear Channel Communications' stock incentive and other benefits plans and will continue to hold a substantial number of shares of and/or options to purchase shares of common stock of Clear Channel Communications. These substantial interests in Clear Channel Communications' equity present these officers with incentives different from those of our stockholders, and may create conflicts of interest described under "Risk Factors — Risks Related to Our Relationship with Clear Channel Communications."

Registration Rights Agreement

We will enter into a registration rights agreement with Clear Channel Communications prior to the completion of this offering to provide Clear Channel Communications with registration rights relating to shares of our outstanding common stock held by Clear Channel Communications after this offering. In this prospectus, we refer to this agreement as the Registration Rights Agreement.

Clear Channel Communications may assign its rights under the Registration Rights Agreement to any person that acquires shares of our outstanding common stock subject to the agreement and agrees to be bound by the terms of the agreement. Subject to certain limitations, Clear Channel Communications and its permitted transferees may require us to register under the Securities Act of 1933, as amended, all or any portion of these shares, a so-called "demand request." We are not obligated to effect the following:

- a demand registration within 60 days after the effective date of a previous demand registration, other than a shelf registration pursuant to Rule 415 under the Securities Act;
- a demand registration within 180 days after the effective date of the registration statement of which this prospectus is a part;
- a demand registration, unless the demand request is for a number of shares of common stock with a market value that is equal to at least $150.0 million; and
- more than two demand registrations during the first 12 months after this offering or more than three demand registrations during any 12-month period thereafter.

We may defer the filing of a registration statement for a period of up to 90 days after a demand request has been made if (i) at the time of such request we are engaged in confidential business activities, which would be required to be disclosed in the registration statement, and our board of directors determines that such disclosure would be materially detrimental to us and our stockholders, or (ii) prior to receiving such request, our board of directors had determined to effect a registered underwritten public offering of our securities for our account and we have taken substantial steps to effect such offering. However, with respect to two demand requests only, if Clear Channel Communications or any of its affiliates makes a demand request during the two-year period after this offering, we will not have the right to defer such demand registration or to not file such registration statement during that period.

Additionally, Clear Channel Communications and its permitted transferees have so-called "piggyback" registration rights, which means that Clear Channel Communications and its permitted transferees may include their respective shares in any future registrations of our equity securities, whether or not that registration relates to a primary offering by us or a secondary offering by or on behalf of any of our stockholders. The demand registration rights and piggyback registrations are each subject to market cutback exceptions.

We will pay all costs and expenses in connection with any "demand" registration and any "piggyback" registration, except in each case underwriting discounts, commissions or fees attributable to the shares of common stock sold by Clear Channel Communications. The Registration Rights Agreement will set forth customary registration procedures, including an agreement by us to make our management available for road show presentations in connection with any underwritten offerings. We will also agree to indemnify Clear Channel Communications and its permitted transferees with respect to liabilities resulting from untrue statements or omissions in any registration statement used in any such registration, other than

untrue statements or omissions resulting from information furnished to us for use in the registration statement by Clear Channel Communications or any permitted transferee.

The rights of Clear Channel Communications and its permitted transferees under the Registration Rights Agreement will remain in effect with respect to the shares of common stock covered by the agreement until those shares:

- have been sold pursuant to an effective registration statement under the Securities Act;
- have been sold to the public pursuant to Rule 144 under the Securities Act;
- have been transferred in a transaction where subsequent public distribution of the shares would not require registration under the Securities Act; or
- are no longer outstanding.

Additionally, the registration rights under the agreement will cease to apply to a holder other than Clear Channel Communications or its affiliates when such holder holds less than 3% of economic value of the then-outstanding shares of common stock covered by the agreement and such shares are eligible for sale pursuant to Rule 144(k) under the Securities Act.

Tax Matters Agreement

After this offering, we and certain of our eligible corporate subsidiaries will continue to be included in the affiliated group of corporations that files a consolidated return for U.S. federal income tax purposes of which Clear Channel Communications is the common parent corporation, and in certain cases, we or one or more of our subsidiaries may be included in the combined, consolidated or unitary group of Clear Channel Communications or one or more of its subsidiaries for certain foreign, state and local income tax purposes. Prior to the completion of this offering, we and Clear Channel Communications will enter into a tax matters agreement to allocate the responsibility of Clear Channel Communications and its subsidiaries, on the one hand, and we and our subsidiaries, on the other, for the payment of taxes resulting from filing tax returns on a combined, consolidated or unitary basis. In this prospectus, we refer to this agreement as the Tax Matters Agreement.

With respect to tax returns for any taxable period in which we or any of our subsidiaries is included in the federal consolidated group or a state consolidated group of Clear Channel Communications or any of its subsidiaries, we will make payments to Clear Channel Communications pursuant to the Tax Matters Agreement equal to the amount of taxes that would be paid if we and each of our subsidiaries included in the consolidated group filed a separate tax return. We will also pay Clear Channel Communications the amount of any taxes with respect to tax returns that include only us or any of our subsidiaries, which returns, as described below, will be prepared and filed by Clear Channel Communications.

With respect to certain tax items, such as foreign tax credits, alternative minimum tax credits, net operating losses and net capital losses, that are generated by us or our subsidiaries, but are used by Clear Channel Communications or its subsidiaries when the tax return for the consolidated group is filed, we will be reimbursed by Clear Channel Communications as such tax items are used.

Under the Tax Matters Agreement, Clear Channel Communications is appointed the sole and exclusive agent for us and our subsidiaries in any and all matters relating to taxes, will have sole and exclusive responsibility for the preparation and filing of all tax returns (or amended returns) and will have the power, in its sole discretion, to contest or compromise any asserted tax adjustment or deficiency and to file, litigate or compromise any claim for refund on behalf of us or any of our subsidiaries. Additionally, Clear Channel Communications will determine the amount of our liability to (or entitlement to payment from) Clear Channel Communications under the Tax Matters Agreement. This arrangement may result in conflicts of interest between Clear Channel Communications and us. For example, under the Tax Matters Agreement, Clear Channel Communications will be able to choose to contest, compromise or settle any adjustment or deficiency proposed by the relevant taxing authority in a manner that may be beneficial to Clear Channel Communications and detrimental to us.

For U.S. federal income tax purposes, each member of an affiliated group of corporations that files a consolidated return is jointly and severally liable for the U.S. federal income tax liability of the entire group. Similar principles may apply with respect to members of a group that file a tax return on a combined, consolidated or unitary group basis for foreign, state and local tax purposes. Accordingly, although the Tax Matters Agreement will allocate tax liabilities between Clear Channel Communications and us during the period in which we or any of our subsidiaries is included in the consolidated group of Clear Channel Communications or any of its subsidiaries, we and our subsidiaries included in such consolidated group could be liable for the tax liability of the entire consolidated group in the event any such tax liability is incurred and not discharged by Clear Channel Communications. The Tax Matters Agreement will provide, however, that Clear Channel Communications will indemnify us and our subsidiaries to the extent that, as a result of us or any of our subsidiaries being a member of a consolidated group, we or our subsidiaries becomes liable for the tax liability of the entire consolidated group (other than the portion of such liability for which we and our subsidiaries are liable under the Tax Matters Agreement).

Under Section 482 of the Code, the Internal Revenue Service has the authority in certain instances to redistribute, reapportion or reallocate gross income, deductions, credits or allowances between Clear Channel Communications and us. Other taxing authorities may have similar authority under comparable provisions of foreign, state and local law. The Tax Matters Agreement provides that we or Clear Channel Communications will indemnify the other to the extent that, as a result of the Internal Revenue Service exercising its authority (or any other taxing authority exercising a similar authority), the tax liability of one group is reduced while the tax liability of the other group is increased.

If Clear Channel Communications spins off our Class B common stock to its stockholders in a distribution that is intended to be tax-free under Section 355 of the Code, we have agreed in the Tax Matters Agreement to indemnify Clear Channel Communications and its affiliates against any and all tax-related liabilities if such a spin-off fails to qualify as a tax-free distribution (including as a result of Section 355(e) of the Code) due to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the Tax Matters Agreement. If neither we nor Clear Channel Communications is responsible under the Tax Matters Agreement for any such spin-off not being tax-free under Section 355 of the Code, we and Clear Channel Communications have agreed that we will each be responsible for 50% of the tax related liabilities arising from the failure of such a spin-off to so qualify.

Employee Matters Agreement

We have entered into an employee matters agreement with Clear Channel Communications covering certain compensation and employee benefit issues. In this prospectus, we refer to this agreement as the Employee Matters Agreement. In general, with certain exceptions, our employees will continue to participate in the Clear Channel Communications employee plans and arrangements along with the employees of other Clear Channel Communications subsidiaries, on terms and conditions consistent with past practice. We will also continue to have our payroll administered by Clear Channel Communications, also on terms and conditions consistent with past practice.

We and Clear Channel Communications reserve the right to withdraw from or terminate our participation, as the case may be, in any of the Clear Channel Communications employee plans and arrangements at any time and for any reason, subject to at least 90 days' notice. Unless sooner terminated, it is likely that our participation in Clear Channel Communications employee plans and arrangements will end if and at such time as we are no longer a subsidiary of Clear Channel Communications, which, for this purpose, means Clear Channel Communications owns less than 80% of the total combined voting power of all classes of our capital stock entitled to vote. We will, however, continue to bear the cost of and retain responsibility for all employment-related liabilities and obligations associated with our employees (and their covered dependents and beneficiaries), regardless of when incurred.

We will have our own stock incentive and annual incentive plans in place for our employees. These plans are described in "Management — Employee Benefits Plans." Our employees who participate in the

Clear Channel Communications Annual Incentive Compensation Plan will continue their participation for the balance of 2005, pursuant to the performance-based awards previously made to them. We will make the performance-related evaluations and determinations of 2005 bonus amounts earned by our executive officers under the Clear Channel Communications plan. For 2006, our executive officers and other designated key employees will be covered by our plan.

Some or all of the Clear Channel Communications stock options granted to our employees before this offering may be converted into options to purchase shares of our Class A common stock, subject generally to the same vesting and other terms and conditions applicable to the original Clear Channel Communications options. See "Management — Clear Channel Communications Stock Plan Awards."

Trademarks

Prior to the completion of this offering, we will enter into a trademark license agreement that will entitle us to use (i) on a nonexclusive basis, the "Clear Channel" trademark and the Clear Channel Communications "outdoor" trademark logo with respect to day-to-day operations of our business; and (ii) certain other Clear Channel Communications marks in connection with our business. In this prospectus, we refer to this agreement as the Trademark License Agreement. Our use of the marks will be subject to Clear Channel Communications' prior written approval. Clear Channel Communications may terminate our use of the marks in certain circumstances, including (i) a breach by us of a material term or condition of the Master Agreement and (ii) at any time after Clear Channel Communications ceases to own at least 50% of the total voting power of our common stock. For our use of these trademarks and other marks, we pay Clear Channel Communications a royalty fee which is approximately 1.5% of gross receipts (or outdoor advertising revenues earned by users of the marks) less an annual management fee of $21,600. For the years ended December 31, 2004 and 2003, we recorded $15.8 million and $14.1 million of royalty fees, respectively.

Clear Channel Communications Agreements with Third Parties

Historically, we have received services provided by third parties pursuant to various agreements that Clear Channel Communications has entered into for the benefit of its affiliates. We pay the third parties directly for the services they provide to us or reimburse Clear Channel Communications for our share of the actual costs incurred under the agreements. After this offering, we intend to continue to procure certain of these third-party services, including services related to insurance, vehicle leases, information technology and software, through contracts entered into by Clear Channel Communications, to the extent we are permitted (and elect to) or required to do so.

Products and Services Provided between Clear Channel Communications and Us

We and Clear Channel Communications engage in transactions in the ordinary course of our respective businesses. These transactions include our providing billboard and other advertising space to Clear Channel Communications at rates we believe would be charged to a third party in an arm's length transaction.

Our branch managers have historically followed a corporate policy allowing Clear Channel Communications to use, without charge, domestic displays that they or their staff believe would otherwise be unsold. Our sales personnel receive partial revenue credit for that usage for compensation purposes. This partial revenue credit is not included in our reported revenues. Clear Channel Communications bears the cost of producing the advertising and we bear the costs of installing and removing this advertising. In 2004, we estimated that these discounted revenues would have been less than 3% of our domestic revenues. Under the Master Agreement, this policy will continue.

Intercompany Notes

We currently have issued three intercompany notes to Clear Channel Communications in the total original principal amount of approximately $4.0 billion. See "Use of Proceeds" and "Description of Indebtedness."

PRINCIPAL STOCKHOLDER

We are an indirect, wholly owned subsidiary of Clear Channel Communications. All of our common stock is held by Clear Channel Holdings, Inc., another wholly owned subsidiary of Clear Channel Communications. After this offering, Clear Channel Communications will own all of our outstanding shares of Class B common stock, representing approximately % of the outstanding shares of our common stock and approximately % of the total voting power of our common stock, or approximately % and %, respectively, if the underwriters exercise in full their option to purchase additional shares of Class A common stock. Clear Channel Communications will not own any of our outstanding shares of Class A common stock. Each share of our Class B common stock is convertible while owned by Clear Channel Communications or any of its affiliates (excluding us and our subsidiaries) at the option of the holder thereof into one share of Class A common stock. Clear Channel Communications has advised us that its current intent is to continue to hold all of our Class B common stock owned by it after this offering and thereby retain its controlling interest in us. However, Clear Channel Communications is not subject to any contractual obligation that would prohibit it from selling, spinning off, splitting off or otherwise disposing of any shares of our common stock, except that Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any shares of our common stock for a period of days after the date of this prospectus without the prior written consent of the underwriters, subject to certain limitations and limited exceptions. See "Underwriting."

DESCRIPTION OF CAPITAL STOCK

Below we have provided a summary description of our capital stock. This description is not complete. You should read the full text of our amended and restated certificate of incorporation and bylaws, which will be included as exhibits to the registration statement of which this prospectus is a part, as well as the provisions of applicable Delaware law.

General

After this offering, we will be authorized to issue shares of our Class A common stock, $0.01 par value per share, shares or our Class B common stock, $0.01 par value per share, and shares of preferred stock, $0.01 par value per share.

Common Stock

The rights of the Class A common stock and Class B common stock are substantially similar, except with respect to voting, conversion and transferability.

Voting Rights

Each share of Class A common stock entitles its holder to one vote and each share of Class B common stock entitles its holder to 20 votes. Our Class A common stock and Class B common stock vote as a single class on all matters on which stockholders are entitled to vote, except as otherwise provided in our amended and restated certificate of incorporation or as required by law. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by the holders of Class A common stock and Class B common stock present in person or represented by proxy, voting as a single class, subject to any voting rights granted to holders of any preferred stock. Except as otherwise provided by law or in our amended and restated certificate of incorporation or in our bylaws, and subject to any voting rights granted to holders of any outstanding preferred stock and the powers of our board of directors to amend our bylaws, amendments to our amended and restated certificate of incorporation and bylaws must be approved by a majority of the votes entitled to be cast by the holders of our common stock, voting as a single class. Our Class A common stock and Class B common stock are not entitled to cumulate their votes in the election of directors.

Dividends

Holders of Class A common stock and Class B common stock will share equally, on a per share basis, in any cash dividend declared by our board of directors, subject to any preferential rights of any outstanding shares of preferred stock. Dividends payable in shares of common stock may be paid only as follows: (i) shares of Class A common stock may be paid only to holders of Class A common stock, and shares of Class B common stock may be paid only to holders of Class B common stock, and (ii) the number of shares so paid will be equal, on a per share basis, with respect to each outstanding share of Class A common stock and Class B common stock.

We may not reclassify, subdivide or combine shares of either class of common stock without at the same time proportionally reclassifying, subdividing or combining shares of the other class.

Conversion

While owned by Clear Channel Communications or any of its affiliates (excluding us), each share of our Class B common stock is convertible at the option of the holder thereof into one share of Class A common stock. In addition, any shares of Class B common stock transferred to a person other than Clear Channel Communications will convert into shares of Class A common stock on a one-for-one basis upon any such transfer, except for transfers to any of Clear Channel Communications' affiliates (excluding us) or its stockholders pursuant to a tax-free transaction under Section 355 of the Code, or any corresponding provision of any successor statute, which we refer to as a tax-free spin-off.

Conversion After a Tax-Free Spin-Off

Following any distribution of Class B common stock to Clear Channel Communications' common stockholders in a transaction (including any distribution in exchange for Clear Channel Communications shares or securities) intended to qualify as a tax-free spin-off, each share of our Class B common stock will be convertible at the option of the holder thereof into one share of Class A common stock. In addition, each share of our Class B common stock will convert into one share of our Class A common stock upon any transfer thereof subsequent to such tax-free spin-off.

Clear Channel Communications may determine, in its sole discretion, in accordance with our amended and restated certificate of incorporation that our Class B common stock will not be convertible into shares of our Class A common stock after a tax-free spin-off and, in such case, we would seek to list the Class B common stock on the NYSE. Such Class B common stock would be transferable after the tax-free spin-off, subject to applicable laws.

Although Clear Channel Communications has no current plans with respect to a tax-free spin-off of us, it will have the flexibility to effect a tax-free spin-off of us in the future.

Other Rights

Unless approved by a majority of the votes entitled to be cast by the holders of each class of common stock, voting separately as a class, in the event of any reorganization or consolidation of our company with one or more corporations or a merger of our company with another corporation in which shares of common stock are converted into or exchangeable for shares of stock, other securities or property (including cash), all holders of common stock, regardless of class, will be entitled to receive the same kind and amount of shares of stock and other securities and property (including cash).

On liquidation, dissolution or winding up of our company, after payment in full of the amounts required to be paid to holders of preferred stock, if any, all holders of common stock, regardless of class, are entitled to receive the same amount per share with respect to any distribution of assets to holders of shares of common stock.

No shares of either class of common stock are subject to redemption or have preemptive rights to purchase additional shares of common stock or other securities of our company.

Upon completion of this offering, all the outstanding shares of Class A common stock and Class B common stock will be validly issued, fully paid and nonassessable.

Preferred Stock

Our board of directors has the authority, without action by our stockholders, to designate and issue our preferred stock in one or more series and to designate the rights, preferences and privileges of each series, which may be greater than the rights of our common stock. It is not possible to state the actual effect of the issuance of any shares of our preferred stock upon the rights of holders of our common stock until our board of directors determines the specific rights of the holders of our preferred stock. However, the effects might include, among other things:

- restricting dividends on our common stock;
- diluting the voting power of our common stock;
- impairing the liquidation rights of our common stock; or
- delaying or preventing a change in control of our company without further action by our stockholders.

At the completion of this offering, no shares of our preferred stock will be outstanding and we have no present plans to issue any shares of our preferred stock.

Provisions of Our Amended and Restated Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities

In order to address potential conflicts of interest between Clear Channel Communications and us, our amended and restated certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve Clear Channel Communications and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and stockholders in connection with our relationship with Clear Channel Communications. In general, these provisions recognize that we and Clear Channel Communications may engage in the same or similar business activities and lines of business, have an interest in the same areas of corporate opportunities and will continue to have contractual and business relations with each other, including officers and directors or both of Clear Channel Communications serving as our officers or directors or both.

Our amended and restated certificate of incorporation provides that, subject to any written agreement to the contrary, Clear Channel Communications will have no duty to refrain from engaging in the same or similar business activities or lines of business as us or doing business with any of our clients, customers or vendors or employing or otherwise engaging or soliciting any of our officers, directors or employees.

Our amended and restated certificate of incorporation provides that if Clear Channel Communications acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both Clear Channel Communications and us, we will have renounced our interest in such corporate opportunity. Clear Channel Communications will, to the fullest extent permitted by law, have satisfied its fiduciary duty with respect to such a corporate opportunity and will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that it acquires or seeks the corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

If one of our directors or officers who is also a director or officer of Clear Channel Communications learns of a potential transaction or matter that may be a corporate opportunity for both Clear Channel Communications and us, our amended and restated certificate of incorporation provides that we will have renounced our interest in the corporate opportunity unless that opportunity is expressly offered to that person in writing solely in his or her capacity as our director or officer.

If one of our officers or directors, who also serves as a director or officer of Clear Channel Communications, learns of a potential transaction or matter that may be a corporate opportunity for both Clear Channel Communications and us, our amended and restated certificate of incorporation provides that the director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of Clear Channel Communications' actions with respect to that corporate opportunity.

For purposes of our amended and restated certificate of incorporation, "corporate opportunities" include, but are not limited to, business opportunities that (i) we are financially able to undertake, (ii) are, from their nature, in our line of business, (iii) are of practical advantage to us and (iv) are ones in which we would have an interest or a reasonable expectancy.

The corporate opportunity provisions in the restated certificate will expire on the date that Clear Channel Communications ceases to own shares of our common stock representing at least 20% of the total voting power and no person who is a director or officer of us is also a director or officer of Clear Channel Communications.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our amended and restated certificate of incorporation related to corporate opportunities that are described above.

Anti-Takeover Effects of Our Amended and Restated Certificate of Incorporation and Bylaws and Delaware Law

Some provisions of Delaware law and our amended and restated certificate of incorporation and bylaws could make the following more difficult, although they have little significance while we are controlled by Clear Channel Communications:

- acquisition of us by means of a tender offer or merger;
- acquisition of us by means of a proxy contest or otherwise; or
- removal of our incumbent officers and directors.

These provisions, summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions also are designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company outweigh the disadvantages of discouraging those proposals because negotiation of them could result in an improvement of their terms.

Election and Removal of Directors

Our amended and restated certificate of incorporation provides that our board of directors is divided into three classes. The term of the first class of directors expires at our 2007 annual meeting of stockholders, the term of the second class of directors expires at our 2008 annual meeting of stockholders and the term of the third class of directors expires at our 2009 annual meeting of stockholders. At each of our annual meetings of stockholders, the successors of the class of directors whose term expires at that meeting of stockholders will be elected for a three-year term, one class being elected each year by our stockholders. This system of electing and removing directors may discourage a third party from making a tender offer or otherwise attempting to obtain control of us if Clear Channel Communications no longer controls us because it generally makes it more difficult for stockholders to replace a majority of our directors.

Directors may be removed, with or without cause, by the affirmative vote of shares representing a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors as long as Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) owns shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors. Once Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) cease to own shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors, our amended and restated certificate of incorporation requires that directors may only be removed for cause and only by the affirmative vote of not less than 80% of votes entitled to be cast by the outstanding capital stock in the election of our board of directors.

Size of Board and Vacancies

Our amended and restated certificate of incorporation provides that the number of directors on our board of directors will be fixed exclusively by our board of directors. Newly created directorships resulting from any increase in our authorized number of directors will be filled solely by the vote of our remaining directors in office. Any vacancies in our board of directors resulting from death, resignation, retirement, disqualification, removal from office or other cause will be filled solely by the vote of our remaining directors in office; provided, however, that as long as Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) continue to beneficially own shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors and such vacancy was caused by the action of stockholders, then such vacancy may only be filled by the affirmative vote of shares representing at least a majority of the votes entitled to be cast by the outstanding common stock in the election of our board of directors.

Stockholder Action by Written Consent

Our amended and restated certificate of incorporation permits our stockholders to act by written consent without a meeting as long as Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) continue to beneficially own shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors. Once Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) cease to beneficially own at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors, our amended and restated certificate of incorporation eliminates the right of our stockholders to act by written consent.

Amendment of Our Bylaws

Our amended and restated certificate of incorporation and bylaws provide that the provisions of our bylaws relating to the calling of meetings of stockholders, notice of meetings of stockholders, required quorum at meetings of stockholders, conduct of meetings of stockholders, stockholder action by written consent, advance notice of stockholder business or director nominations, the authorized number of directors, the classified board structure, the filling of director vacancies or the removal of directors and indemnification of officers and directors (and any provision relating to the amendment of any of these provisions) may only be amended by the vote of a majority of our entire board of directors or, as long as Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) owns shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors, by the vote of holders of a majority of the votes entitled to be cast by outstanding capital stock in the election of our board of directors. Once Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) cease to own shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors, our amended and restated certificate of incorporation and bylaws provide that these provisions may only be amended by the vote of a majority of our entire board of directors or by the vote of holders of at least 80% of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors.

Amendment of Certain Provisions of Our Amended and Restated Certificate of Incorporation

The amendment of any of the above provisions in our amended and restated certificate of incorporation requires approval by holders of shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors, as long as Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) owns shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors. Once Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) cease to own shares representing at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors, our amended and restated certificate of incorporation and applicable provisions of Delaware law provide that these provisions may only be amended by the vote of a majority of our entire board of directors followed by the vote of holders of at least 80% of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors.

Stockholder Meetings

Our amended and restated certificate of incorporation and bylaws provide that a special meeting of our stockholders may be called only by (i) Clear Channel Communications, so long as Clear Channel Communications and its subsidiaries (excluding our company and our subsidiaries) beneficially own at least a majority of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors or (ii) the Chairman of our board of directors or our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

In general, for nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must give notice in writing to our secretary 90 to 120 days before the first anniversary of the preceding year's annual meeting, and the business must be a proper matter for stockholder action. The stockholder's notice must include for each proposed nominee and business, as applicable, (i) all required information under the Securities Exchange Act of 1934, as amended, (ii) the proposed nominee's written consent to serve as a director if elected, (iii) a brief description of the proposed business, (iv) the reasons for conducting the business at the meeting, (v) the stockholder's material interest in the business, (vi) the stockholder's name and address and (vii) the class and number of our shares which the stockholder owns.

In general, only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to our notice of meeting. At a special meeting of stockholders at which directors are to be elected pursuant to our notice of meeting, a stockholder who is a stockholder of record at the time of giving notice, who is entitled to vote at the meeting and who complies with the notice procedures, may nominate proposed nominees. In the event we call a special meeting of stockholders to elect one or more directors, a stockholder may nominate a person or persons if the stockholder's notice is delivered to our secretary 90 to 120 days before the such special meeting.

Only such persons who are nominated in accordance with the procedures set forth in our bylaws shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in our bylaws. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed in accordance with the procedures set forth in or bylaws and, if any proposed nomination or business is not in compliance with our bylaws, to declare that such defective proposal or nomination shall be disregarded.

Clear Channel Communications shall be entitled to nominate persons for election to the board of directors and propose business to be considered by stockholders at any meeting of stockholders without compliance with the foregoing advance notice requirements, so long as Clear Channel Communications owns at least 50% of the votes entitled to be cast by the outstanding capital stock in the election of our board of directors.

Delaware Anti-Takeover Law

Our amended and restated certificate of incorporation provides that Section 203 of the Delaware General Corporation Law, an anti-takeover law, does not apply to us until Clear Channel Communications owns less than 15% of the total voting power of our common stock, at which date Section 203 shall apply prospectively.

In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person that, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's voting stock. This may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for the shares of our common stock.

No Cumulative Voting

Our amended and restated certificate of incorporation and bylaws do not provide for cumulative voting in the election of our board of directors.

Pre-Offering Transactions with Clear Channel Communications

Our amended and restated certificate of incorporation provides that neither any agreement nor any transaction entered into between us or any of our affiliated companies and Clear Channel Communications and any of its affiliated companies prior to this offering nor the subsequent performance of any such agreement will be considered void or voidable or unfair to us because Clear Channel Communications or any of its affiliated companies is a party or because directors or officers of Clear Channel Communications were on our board of directors when those agreements or transactions were approved. In addition, those agreements and transactions and their performance will not be contrary to any fiduciary duty of any directors or officers of our company or any affiliated company.

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is Bank of New York.

New York Stock Exchange Listing

We expect the shares of our Class A common stock to be approved for listing on the NYSE under the symbol “CCO.”

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. The sale of a substantial amount of our common stock in the public market after this offering, or the perception that such sales may occur, could adversely affect the prevailing market price of our Class A common stock. Furthermore, because some of our shares will not be available for sale shortly after this offering due to the contractual and legal restrictions on resale described below, the sale of a substantial amount of common stock in the public market after these restrictions lapse could adversely affect the prevailing market price of our Class A common stock and our ability to raise equity capital in the future.

Upon the completion of this offering, we will have shares of common stock outstanding (assuming the underwriters' option to purchase additional shares of Class A common stock is not exercised in full), which includes the approximately shares of Class A common stock sold by us in this offering and approximately shares of Class B common stock outstanding (including shares of Class B common stock issued by us in exchange for a portion of the balance of the intercompany notes because the underwriters' option to purchase additional shares is not exercised in full).

Of those shares, all of the shares of our Class A common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless the shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except in compliance with Rule 144 volume limitations, manner of sale and notice requirements, pursuant to another applicable exemption from registration or pursuant to an effective registration statement. The shares of our Class B common stock held by Clear Channel Communications are "restricted securities" as that term is defined in Rule 144 under the Securities Act. These restricted securities may be sold in the public market by Clear Channel Communications only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 144(k) under the Securities Act. These rules are summarized below.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person or persons whose shares are aggregated, who have beneficially owned restricted shares for at least one year, including persons who may be deemed to be our "affiliates," would be entitled to sell within any three-month period a number of shares that does not exceed the greater of (i) 1% of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering, or (ii) the average weekly trading volume of our Class A common stock on the New York Stock Exchange during the four calendar weeks before a notice of the sale on SEC Form 144 is filed.

Sales under Rule 144 are also subject to certain manner of sale provisions and notice requirements and to the availability of certain public information about us.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been one of our "affiliates" at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an "affiliate," is entitled to sell these shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Stock Issued Under Employee Plans

We intend to file registration statements on Form S-8 under the Securities Act to register approximately shares of Class A common stock issuable with respect to options and restricted stock units to be granted under our employee plans. Currently, there are no outstanding options to purchase shares of our Class A common stock or restricted stock units. These registration statements are expected to be filed following the effective date of the registration statement of which this prospectus is a

part and will be effective upon filing. Shares issued upon the exercise of stock options or restricted stock units after the effective date of the Form S-8 registration statements will be eligible for resale in the public market without restriction, subject to Rule 144 limitations applicable to affiliates.

Lock-up Agreements

Notwithstanding the foregoing, our company, our directors and officers and Clear Channel Communications have agreed with the underwriters not to dispose of or hedge any of our common stock or securities convertible into or exchangeable for shares of common stock owned by them during the period from the date of this prospectus continuing through the date days after the date of this prospectus, except with the prior written consent of the underwriters, subject to certain limitations and limited exceptions. See "Underwriting."

Registration Rights

As described in "Arrangements Between Clear Channel Communications and Us — Registration Rights Agreement," we will enter into a registration rights agreement with Clear Channel Communications. We do not have any other contractual obligations to register our stock.

DESCRIPTION OF INDEBTEDNESS

On August 2, 2005, one of our wholly owned subsidiaries issued to us an intercompany note in the original principal amount of $2.5 billion, which we subsequently distributed to our parent, Clear Channel Holdings, Inc., as a dividend on our common stock and in turn Clear Channel Holdings, Inc. distributed the note to its and our ultimate parent, Clear Channel Communications, as a dividend on its common stock. This note matures on August 2, 2010, may be prepaid in whole at any time, or in part from time to time, and accrues interest at a variable per annum rate equal to the weighted average cost of debt for Clear Channel Communications, as determined by Clear Channel Communications from time to time. At August 31, 2005, the interest rate on the $2.5 billion intercompany note was 5.7%.

Upon a change of control of us, the entire outstanding principal amount of, and all accrued interest on, this note, and all accrued related costs and expenses are mandatorily payable.

Until all our obligations evidenced by and provided for in the $2.5 billion intercompany note are fully paid, we and our subsidiaries are subject to certain negative covenants contained in the note, including limitations on the following:

- becoming liable for consolidated funded indebtedness (as defined in the note), excluding certain intercompany indebtedness or guarantees of indebtedness incurred by Clear Channel Communications or certain of its subsidiaries, in a principal amount in excess of $400.0 million at any one time outstanding;
- creating liens;
- making investments;
- sale and leaseback transactions (as defined in the note), which when aggregated with consolidated funded indebtedness secured by liens, will not exceed an amount equal to 10% of our total consolidated shareholder's equity (as defined in the note) as shown on our most recently reported annual audited consolidated financial statements;
- disposing of all or substantially all of our assets;
- mergers and consolidations;
- declaring or paying dividends or other distributions;
- repurchasing our equity; and
- limitations on entering into transactions with our affiliates.

In addition, upon our issuances of equity and incurrences of debt, subject to certain exceptions, we are required to prepay the note in the amount of net proceeds received from such events. The note contains customary events that permit its maturity to be accelerated prior to its stated maturity date including our failure to comply with any of its negative covenants. See "Arrangements Between Clear Channel Communications and Us."

We believe that the size of the $2.5 billion intercompany note, combined with our additional existing third party indebtedness, sets a leverage level for us that is appropriate for a company with our asset mix and is generally in line with our peer companies. Furthermore, we believe that future cash flow from operations will be sufficient to fund the interest on our indebtedness obligations for a period of at least 18 months.

For additional information regarding our other indebtedness, see "Risk Factors — Risks Related to Our Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition and Liquidity — Liquidity," "Use of Proceeds" and Note F to the notes to our combined financial statements included elsewhere in this prospectus.

MATERIAL U.S. FEDERAL TAX CONSIDERATIONS FOR NON-U.S. HOLDERS OF COMMON STOCK

The following discussion summarizes the material U.S. federal income and estate tax consequences of the purchase, ownership and disposition of our Class A common stock by certain non-U.S. holders (as defined below). This discussion only applies to non-U.S. holders who purchase and hold our Class A common stock as a capital asset for U.S. federal income tax purposes (generally property held for investment). This discussion does not describe all of the tax consequences that may be relevant to a non-U.S. holder in light of its particular circumstances.

A "non-U.S. holder," for the purposes of this discussion, means a person (other than a partnership) that is not for U.S. federal income tax purposes any of the following:

- an individual citizen or resident of the United States (including certain former citizens and former long-term residents);
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (a) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Code and regulations, rulings and judicial decisions as of the date hereof. These authorities may be changed, perhaps retroactively, so as to result in U.S. federal income and estate tax consequences different from those summarized below. This discussion does not address all aspects of U.S. federal income and estate taxes and does not describe any foreign, state, local or other tax considerations that may be relevant to non-U.S. holders in light of their particular circumstances. In addition, this discussion does not describe the U.S. federal income and estate tax consequences applicable to you if you are subject to special treatment under the U.S. federal income tax laws (including if you are a United States expatriate, "controlled foreign corporation," "passive foreign investment company," corporation that accumulates earnings to avoid U.S. federal income tax, pass-through entity or an investor in a pass-through entity). We cannot assure you that a change in law will not alter significantly the tax considerations that we describe in this discussion.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds our Class A common stock, the U.S. federal income tax treatment of a partner of that partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our Class A common stock, you should consult your tax advisors.

This discussion is provided for general information only and does not constitute legal advice to any prospective purchaser of our Class A common stock. Additionally, this discussion cannot be used by any holder for the purpose of avoiding tax penalties that may be imposed on such holder. If you are considering the purchase of our Class A common stock, you should consult your own tax advisors concerning the U.S. federal income and estate tax consequences of purchasing, owning and disposing of our Class A common stock in light of your particular circumstances and any consequences arising under the laws of applicable state, local or foreign taxing jurisdictions. You should also consult with your tax advisors concerning any possible enactment of legislation that would affect your investment in our Class A common stock in your particular circumstances.

Dividends

Dividends paid to a non-U.S. holder of our Class A common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an

applicable income tax treaty. However, dividends that are effectively connected with the conduct of a trade or business by the non-U.S. holder within the United States (and, where a tax treaty applies, are attributable to a U.S. permanent establishment of the non-U.S. holder) are not subject to the withholding tax, provided certain certification and disclosure requirements are satisfied. Instead, such dividends are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person as defined under the Code, unless an applicable income tax treaty provides otherwise. Any such effectively connected dividends received by a foreign corporation may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder of our Class A common stock who wishes to claim the benefit of an applicable treaty rate and avoid backup withholding, as discussed below, for dividends will be required to either:

- complete Internal Revenue Service Form W-8BEN (or other applicable form) and certify under penalty of perjury that such holder is not a United States person as defined under the Code and is eligible for treaty benefits; or
- if our Class A common stock is held through certain foreign intermediaries, satisfy the relevant certification requirements of applicable United States Treasury regulations.

Special certification and other requirements apply to certain non-U.S. holders that are pass-through entities rather than corporations or individuals.

A non-U.S. holder of our Class A common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Disposition of Class A Common Stock

Any gain realized by a non-U.S. holder on the disposition of our Class A common stock generally will not be subject to U.S. federal income or withholding tax unless:

- the gain is effectively connected with a trade or business of the non-U.S. holder in the United States (and, if required by an applicable income tax treaty, is attributable to a U.S. permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a "United States real property holding corporation" for U.S. federal income tax purposes.

An individual non-U.S. holder described in the first bullet point immediately above will be subject to tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates. An individual non-U.S. holder described in the second bullet point immediately above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States. If a non-U.S. holder that is a foreign corporation falls under the first bullet point immediately above, it will be subject to tax on its net gain in the same manner as if it were a United States person as defined under the Code and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty.

We believe we are not and do not anticipate becoming a "United States real property holding corporation" for U.S. federal income tax purposes.

Federal Estate Tax

Class A common stock held by an individual non-U.S. holder at the time of death will be included in such non-U.S. holder's gross estate for U.S. federal estate tax purposes, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

We must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such non-U.S. holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

A non-U.S. holder will be subject to backup withholding for dividends paid to such non-U.S. holder unless such non-U.S. holder certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that such non-U.S. holder is a United States person as defined under the Code), and such non-U.S. holder otherwise establishes an exemption.

Information reporting and, depending on the circumstances, backup withholding will apply to the proceeds of a sale of our Class A common stock within the United States or conducted through certain United States-related financial intermediaries, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code), and such owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman, Sachs & Co. will act as global coordinator and senior book-running manager for the offering. and will act as the joint book-running managers of the underwriters listed below:

Underwriters	Number of Shares
Goldman, Sachs & Co.	
Deutsche Bank Securities Inc.	
J.P. Morgan Securities Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
UBS Securities LLC	
Banc of America Securities LLC	
Bear, Stearns & Co. Inc.	
Credit Suisse First Boston	
Allen & Company LLC	
Barrington Research Associates, Inc.	
Harris Nesbitt Corp.	
SunTrust Capital Markets, Inc.	
Wachovia Capital Markets, LLC	
Total	

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional shares to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following tables show the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by the Company	No Exercise	Full Exercise
Per Share		
Total		

Shares sold by the underwriters to the public will initially be offered at an initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the underwriters to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms.

We and our directors, executive officers and certain other employees, (to the extent of any remaining interest) and Clear Channel Communications have agreed with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus and

continuing to and including the date days after the date of this prospectus, except with the prior written consent of the underwriters, subject to certain limitations and limited exceptions. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or material event, as applicable, unless the representatives waive, in writing, such an extension. We have been advised by the underwriters that they may at their discretion waive the lock-up agreements; however, they have no current intention of releasing any shares subject to a lock-up agreement. The release of any lock-up would be considered on a case-by-case basis. In considering any request to release shares covered by a lock-up agreement, the representatives would consider, among other factors, the particular circumstances surrounding the request, including but not limited to the number of shares requested to be released, market conditions, the possible impact on the market for our Class A common stock, the trading price of our Class A common stock, historical trading volumes of our Class A common stock, the reasons for the request and whether the person seeking the release is one of our officers or directors. No agreement has been made between the representatives and us or any of our stockholders pursuant to which the representatives will waive the lock-up restrictions.

Prior to this offering, there has been no public market for the shares of Class A common stock. The initial public offering price will be negotiated among us and the representatives. Among the factors to be considered in determining the initial public offering price of the shares of Class A common stock, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

We intend to have the Class A common stock listed on the New York Stock Exchange under the symbol "CCO." In order to meet one of the requirements for listing on the NYSE, the underwriters have undertaken to sell lots of 100 or more shares of Class A common stock to a minimum of 2,000 beneficial holders.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of our stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of

the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the NYSE, the Nasdaq Stock Market, in the over-the-counter market or otherwise.

Each of the underwriters has represented and agreed that:

(a) it has not made or will not make an offer of shares to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended) (FSMA) except to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by the company of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority (FSA);

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA [does not] [would not, if the company were not an authorised person,](1) apply to the company; and

(c) it has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The underwriters do not expect sales in discretionary accounts to exceed % of the total number of shares offered.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately $.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us or our affiliates, for which they received or will receive customary fees and expenses.

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1 Use the first alternative if the company is not an authorised person and the second alternative if it is an authorised person.

LEGAL MATTERS

The validity of the issuance of the shares of Class A common stock to be sold in this offering will be passed upon for us by Fulbright & Jaworski L.L.P., San Antonio, Texas. Cravath, Swaine & Moore LLP, New York, New York will act as counsel to the underwriters.

EXPERTS

The combined financial statements of Clear Channel Outdoor Holdings, Inc. as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 appearing in this prospectus and registration statement have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

AVAILABLE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the issuance of shares of our common stock being offered hereby. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement. For further information with respect to us and the shares of our common stock, reference is made to the registration statement. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete. We are not currently subject to the informational requirements of the Securities Exchange Act of 1934, or Exchange Act. As a result of the offering of the shares of our common stock, we will become subject to the informational requirements of the Exchange Act and, in accordance therewith, will file reports and other information with the SEC. The registration statement, such reports and other information can be inspected and copied at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained from the Public Reference Room of the SEC at prescribed rates. You can call the SEC at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. Such materials may also be accessed electronically by means of the SEC's home page on the Internet (http://www.sec.gov).

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm	F-2
Audited Financial Statements:	
Combined Balance Sheets as of December 31, 2003 and 2004	F-3
Combined Statements of Operations for the three years ended December 31, 2004	F-4
Combined Statements of Changes in Owner's Equity for the three years ended December 31, 2004	F-5
Combined Statements of Cash Flows for the three years ended December 31, 2004	F-6
Notes to Combined Financial Statements	F-7
Unaudited Interim Financial Statements:	
Combined Balance Sheets at June 30, 2005 and December 31, 2004	F-29
Combined Statements of Operations for the six months ended June 30, 2005 and 2004	F-30
Combined Statements of Changes in Owner's Equity for the six months ended June 30, 2005	F-31
Combined Statements of Cash Flows for the six months ended June 30, 2005 and 2004	F-32
Notes to Combined Financial Statements	F-33
Report of Independent Registered Public Accounting Firm on Financial Statement Schedule	F-40
Schedule II — Valuation and Qualifying Accounts	F-41

The following report is in the form that will be signed upon the completion of the transaction described in Basis of Presentation of Note A to the financial statements.

/s/ Ernst & Young LLP

Ernst & Young LLP

San Antonio, Texas
August 9, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

BOARD OF DIRECTORS
CLEAR CHANNEL COMMUNICATIONS, INC.

We have audited the accompanying combined balance sheets of Clear Channel Outdoor Holdings, Inc. and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related combined statements of operations, changes in owner's equity, and cash flows for each of the three years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Clear Channel Outdoor Holdings, Inc. and subsidiaries at December 31, 2004 and 2003, and the combined results of their operations and their cash flows for each of the three years in the period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note B to the combined financial statements, in 2004 the Company changed its method of accounting for indefinite lived intangibles and in 2002 the Company changed its method for accounting for goodwill.

San Antonio, Texas

August 4, 2005, except as to Basis of Presentation of Note A, as to which date is   , 2005.

Table of Contents

COMBINED BALANCE SHEETS

	December 31, 2004	December 31, 2003
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 37,948	$ 34,105
Accounts receivable, less allowance of $19,487 in 2004 and $15,713 in 2003	661,244	630,758
Due from Clear Channel Communications	302,634	154,446
Prepaid expenses	59,601	58,133
Other current assets	45,813	81,227
Total Current Assets	1,107,240	958,669
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings and improvements	318,478	304,492
Structures	3,110,233	2,888,834
Furniture and other equipment	238,973	203,998
Construction in progress	54,021	68,481
	3,721,705	3,465,805
Less accumulated depreciation	1,525,720	1,201,699
	2,195,985	2,264,106
INTANGIBLE ASSETS		
Definite-lived intangibles, net	334,284	384,567
Indefinite-lived intangibles — permits	211,690	424,640
Goodwill	787,006	700,797
OTHER ASSETS		
Notes receivable	5,872	6,286
Investments in, and advances to, nonconsolidated affiliates	175,057	155,646
Deferred tax asset	231,056	155,193
Other assets	189,513	166,435
Other investments	3,230	16,481
Total Assets	$ 5,240,933	$ 5,232,820
LIABILITIES AND OWNER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 243,542	$ 274,951
Accrued expenses	264,567	226,497
Accrued interest	558	220
Deferred income	94,120	97,771
Current portion of long-term debt	146,268	136,763
Total Current Liabilities	749,055	736,202
Long-term debt	30,112	70,254
Debt with Clear Channel Communications	1,463,000	1,463,000
Other long-term liabilities	205,811	148,560
Minority interest	63,302	54,640
Commitment and contingent liabilities (Note G)		
OWNER'S EQUITY		
Owner's net investment	6,679,664	6,679,664
Retained deficit	(4,250,222)	(4,094,842)
Accumulated other comprehensive income	300,211	175,342
Total Owner's Equity	2,729,653	2,760,164
Total Liabilities and Owner's Equity	$ 5,240,933	$ 5,232,820

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
Revenue	$ 2,447,040	$ 2,174,597	$ 1,859,641
Operating expenses:			
Direct operating expenses (exclusive of depreciation and amortization)	1,262,317	1,133,386	957,830
Selling, general and administrative expenses (exclusive of depreciation and amortization)	499,457	456,893	392,803
Depreciation and amortization	388,217	379,640	336,895
Corporate expenses (exclusive of depreciation and amortization)	53,770	54,233	52,218
Operating income	243,279	150,445	119,895
Interest expense	14,177	14,201	11,623
Intercompany interest expense	145,653	145,648	227,402
Equity in earnings (loss) of nonconsolidated affiliates	(76)	(5,142)	3,620
Other income (expense) — net	(13,341)	(8,595)	9,164
Income (loss) before income taxes and cumulative effect of a change in accounting principle	70,032	(23,141)	(106,346)
Income tax (expense) benefit:			
Current	(23,422)	12,092	72,008
Deferred	(39,132)	(23,944)	(21,370)
Income (loss) before cumulative effect of change in accounting principle	7,478	(34,993)	(55,708)
Cumulative effect of change in accounting principle, net of tax of, $113,173 in 2004 and $504,927 in 2002	(162,858)	—	(3,527,198)
Net loss	(155,380)	(34,993)	(3,582,906)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	124,869	216,214	135,612
Comprehensive income (loss)	$ (30,511)	$ 181,221	$ (3,447,294)

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF CHANGES IN OWNER'S EQUITY

	Owner's Net Investment	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
			(In thousands)	
Balances at December 31, 2001	$ 6,066,825	$ (476,943)	$ (176,484)	$ 5,413,398
Net loss	—	(3,582,906)	—	(3,582,906)
Net transfers from Clear Channel Communications	612,839	—	—	612,839
Currency translation adjustment	—	—	135,612	135,612
Balances at December 31, 2002	6,679,664	(4,059,849)	(40,872)	2,578,943
Net loss	—	(34,993)	—	(34,993)
Currency translation adjustment	—	—	216,214	216,214
Balances at December 31, 2003	6,679,664	(4,094,842)	175,342	2,760,164
Net loss	—	(155,380)	—	(155,380)
Currency translation adjustment	—	—	124,869	124,869
Balances at December 31, 2004	$ 6,679,664	$ (4,250,222)	$ 300,211	$ 2,729,653

See Notes to Combined Financial Statements

COMBINED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (155,380)	$ (34,993)	$ (3,582,906)
Reconciling items:			
Cumulative effect of a change in accounting principle, net of tax	162,858	—	3,527,198
Depreciation	321,071	312,692	271,683
Amortization of intangibles	67,146	66,948	65,212
Deferred taxes	39,132	23,944	21,370
(Gain) loss on sale of operating and fixed assets	(11,718)	(11,047)	(7,118)
(Gain) loss on sale of other investments	—	(81)	—
Equity in earnings (loss) of nonconsolidated affiliates	76	5,142	(3,620)
Increase (decrease) other, net	5,024	2,888	(16,603)
Changes in operating assets and liabilities, net of effects of acquisitions:			
Decrease (increase) in accounts receivable	(21,149)	(84,197)	(28,870)
Decrease (increase) in prepaid expenses	(1,468)	(5,478)	4,598
Decrease (increase) in other current assets	4,262	2,589	11,377
Increase (decrease) in accounts payable, accrued expenses and other liabilities	51,535	99,583	57,821
Increase (decrease) in accrued interest	343	(692)	41
Increase (decrease) in deferred income	(2,537)	10,587	17,220
Increase (decrease) in accrued income taxes	33,300	45,574	(17,168)
Net cash provided by operating activities	492,495	433,459	320,235
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in notes receivable, net	414	(202)	98
Decrease (increase) in investments in, and advances to nonconsolidated affiliates — net	(6,986)	(619)	(6,068)
Purchase of other investments	(961)	—	—
Proceeds from sale of other investment	12,076	—	—
Purchases of property, plant and equipment	(176,140)	(205,145)	(290,187)
Proceeds from disposal of assets	8,354	48,806	45,991
Acquisition of operating assets	(94,878)	(44,137)	(154,685)
Decrease (increase) in other — net	(52,537)	(28,865)	(25,993)
Net cash used in investing activities	(310,658)	(230,162)	(430,844)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Draws on credit facilities	71,389	122,032	192,418
Payments on credit facilities	(104,945)	(190,077)	(175,646)
Proceeds from issuance of debt with Clear Channel Communications	—	—	154,685
Net transfers (to) from Clear Channel Communications	(148,188)	(154,446)	1,736
Payments on long-term debt	(262)	—	—
Net cash provided by (used in) financing activities	(182,006)	(222,491)	173,193
Effect of exchange rate changes on cash	4,012	7,558	(16,843)
Net increase (decrease) in cash and cash equivalents	3,843	(11,636)	45,741
Cash and cash equivalents at beginning of year	34,105	45,741	—
Cash and cash equivalents at end of year	$ 37,948	$ 34,105	$ 45,741
SUPPLEMENTAL DISCLOSURE			
Cash paid during the year for interest	$ 175,395	$ 198,296	$ 267,972
Cash paid during the year for taxes	$ 22,195	$ 18,043	$ 12,996

See Notes to Combined Financial Statements

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Clear Channel Outdoor Holdings, Inc. ("the Company") is currently a wholly-owned subsidiary of Clear Channel Communications Inc. ("Clear Channel Communications"), a diversified media company with operations in radio broadcasting, outdoor advertising, and live entertainment. On April 29, 2005, Clear Channel Communications announced a plan to separate its outdoor advertising business into a separate company. As part of the plan, Clear Channel Communications intends on completing an initial public offering ("IPO") of 10% of the Company's common stock. Clear Channel Communications and its subsidiaries will contribute and transfer to the Company all of the assets and liabilities of the outdoor advertising businesses not currently held by the Company prior to the completion of the IPO.

Nature of Business

The Company operates in the outdoor advertising industry by selling advertising on billboards, street furniture and other transit advertising displays. The Company has two principal business segments: domestic and international. The domestic segment includes operations in North and South America; and the international segment includes operations in Europe, Asia, Africa and Australia.

Principles of Combination

The combined financial statements include assets and liabilities of Clear Channel Communications not currently owned by the Company that will be transferred prior to or concurrent with the IPO transaction. The combined financial statements are comprised of businesses included in the consolidated financial statements and accounting records of Clear Channel Communications using the historical results of operations, and historical basis of assets and liabilities of the outdoor business. Significant intercompany accounts among the combined businesses have been eliminated in consolidation. Investments in nonconsolidated affiliates are accounted for using the equity method of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with an original maturity of three months or less.

Allowance for Doubtful Accounts

The Company evaluates the collectibility of its accounts receivable based on a combination of factors. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, it records a specific reserve to reduce the amounts recorded to what it believes will be collected. For all other customers, it recognizes reserves for bad debt based on historical experience of bad debts as a percent of revenues for each business unit, adjusted for relative improvements or deteriorations in the agings and changes in current economic conditions.

Prepaid Expenses

Most of the Company's prepaid expenses relate to lease payments on advertising structures that are located on leased land. Domestic land rents are typically paid in advance for periods ranging from one to twelve months. International land rents are paid both in advance and in arrears, for periods ranging from one to twelve months. Most international street furniture advertising display faces are licensed through municipalities for up to 20 years. The street furniture licenses often include a percent of revenue to be paid along with a base rent payment. Prepaid land leases are recorded as an asset and expensed ratably over the related rental term and license and rent payments in arrears are recorded as an accrued liability.

Purchase Accounting

The Company accounts for its business acquisitions under the purchase method of accounting. The total cost of acquisitions is allocated to the underlying identifiable net assets, including any related indefinite-lived permit intangible assets, based on their respective estimated fair values. The excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, asset lives and market multiples, among other items. In addition, reserves have been established on the Company's balance sheet related to acquired liabilities and qualifying restructuring costs and contingencies based on assumptions made at the time of acquisition. The Company evaluates these reserves on a regular basis to determine the adequacies of the amounts.

Asset Retirement Obligation

On January 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 143,*Accounting for Asset Retirement Obligations.* The Company's asset retirement obligation is reported in "Other long-term liabilities" and relates primarily to the Company's obligation upon the termination or non-renewal of a lease to dismantle and remove its advertising structures from the leased land and to reclaim the site to its original condition. The Company records the present value of obligations associated with the retirement of its advertising structures in the period in which the obligation is incurred. The liability is capitalized as part of the related advertising structures carrying amount. Over time, accretion of the liability is recognized as an operating expense and the capitalized cost is depreciated over the expected useful life of the related asset.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method at rates that, in the opinion of management, are adequate to allocate the cost of such assets over their estimated useful lives, which are as follows:

Buildings and improvements — 10 to 39 years
Structures — 5 to 40 years
Furniture and other equipment — 3 to 20 years
Leasehold improvements — shorter of economic life or lease term assuming renewal periods, if appropriate

For assets associated with a lease or contract, the assets are depreciated at the shorter of the economic life or the lease or contract term, assuming renewal periods, if appropriate. Expenditures for maintenance and repairs are charged to operations as incurred, whereas expenditures for renewal and betterments are capitalized.

The Company tests for possible impairment of property, plant, and equipment whenever events or changes in circumstances, such as a reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used indicate that the carrying amount of the asset may not be recoverable. If indicators exist, the Company compares the estimated undiscounted future cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded in depreciation and amortization expense in the statement of operations for amounts necessary to reduce the carrying value of the asset to fair value. The impairment loss calculations require management to apply judgment in estimating future cash flows and the discount rates that reflects the risk inherent in future cash flows.

Intangible Assets

The Company classifies intangible assets as definite-lived or indefinite-lived intangible assets, as well as goodwill. Definite-lived intangibles include primarily transit and street furniture contracts, which are amortized over the respective lives of the agreements, typically five to fifteen years. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived assets. These assets are stated at cost. Indefinite-lived intangibles include billboard permits. The excess cost over fair value of net assets acquired is classified as goodwill. The indefinite-lived intangibles and goodwill are not subject to amortization, but are tested for impairment at least annually.

The Company tests for possible impairment of definite-lived intangible assets whenever events or changes in circumstances, such as a reduction in operating cash flow or a dramatic change in the manner that the asset is intended to be used indicate that the carrying amount of the asset may not be recoverable. If indicators exist, the Company compares the estimated undiscounted future cash flows related to the asset to the carrying value of the asset. If the carrying value is greater than the estimated undiscounted future cash flow amount, an impairment charge is recorded in depreciation and amortization expense in the statement of operations for amounts necessary to reduce the carrying value of the asset to fair value.

The Company performed its 2004 annual impairment test for its permits using a direct valuation technique as prescribed by the Emerging Issues Task Force ("EITF") Topic D-108, *Use of the Residual Method to Value Acquired Assets Other Than Goodwill*("D-108"), which the Company adopted in the fourth quarter of 2004. Certain assumptions are used under the Company's direct valuation technique, including market penetration leading to revenue potential, profit margin, duration and profile of the build-up period, estimated start-up cost and losses incurred during the build-up period, the risk adjusted discount rate and terminal values. The Company considered fair values derived by a third-party valuation firm to assist it in performing its impairment test. Impairment charges, other than the charge taken under the transitional rules of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("Statement 142") and D-108, are recorded in depreciation and amortization expense on the statement of operations.

At least annually, the Company performs its impairment test for each reporting unit's goodwill using a discounted cash flow model to determine if the carrying value of the reporting unit, including goodwill, is less than the fair value of the reporting unit. Certain assumptions are used in determining the fair value, including assumptions about cash flow rates, discount rates, and terminal values. If the fair value of the Company's reporting unit is less than the carrying value of the reporting unit, the Company reduces the carrying amount of goodwill. Impairment charges, other than the charge taken under the transitional rules of Statement 142 are recorded in amortization expense on the statement of operations.

Nonconsolidated Affiliates

In general, investments in which the Company owns 20 percent to 50 percent of the common stock or otherwise exercises significant influence over the company are accounted for under the equity method. The Company does not recognize gains or losses upon the issuance of securities by any of its equity method investees. The Company reviews the value of equity method investments and records impairment charges in the statement of operations for any decline in value that is determined to be other-than-temporary.

Financial Instruments

Due to their short maturity, the carrying amounts of accounts and notes receivable, accounts payable, accrued liabilities and short-term borrowings approximated their fair values at December 31, 2004 and 2003. Additionally, as none of the Company's debt is publicly traded, the carrying amounts of long-term debt approximated their fair value at December 31, 2004 and 2003.

Income Taxes

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if the Company believes it is more likely than not that some portion or all of the asset will not be realized. As all earnings from the Company's foreign operations are permanently reinvested and not distributed, the Company's income tax provision does not include additional U.S. taxes on foreign operations. It is not practical to determine the amount of federal income taxes, if any, that might become due in the event that the earnings were distributed.

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications, Inc. However, for financial reporting purposes, the Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries.

Revenue Recognition

The Company provides services under the terms of contracts covering periods up to three years, which are generally billed monthly. Revenue for advertising space rental is recognized ratably over the term of the contract. Advertising revenue is reported net of agency commissions. Agency commissions are calculated based on a stated percentage applied to gross billing revenue for the Company's operations. Clients remit the gross billing amount to the agency and the agency remits gross billings less their commission to the Company. Payments received in advance of being earned are recorded as deferred income.

The Company believes that the credit risk with respect to trade receivables is limited due to the large number and the geographic diversification of its customers.

Foreign Currency

Results of operations for foreign subsidiaries and foreign equity investees are translated into U.S. dollars using the average exchange rates during the year. The assets and liabilities of those subsidiaries and investees, other than those of operations in highly inflationary countries, are translated into U.S. dollars using the exchange rates at the balance sheet date. The related translation adjustments are recorded in a separate component of owner's equity, "Accumulated other comprehensive income". Foreign currency transaction gains and losses, as well as gains and losses from translation of financial statements of subsidiaries and investees in highly inflationary countries, are included in operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates, judgments, and assumptions that affect the amounts reported in the financial statements and accompanying notes including, but not limited to, legal, tax and insurance accruals. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

New Accounting Pronouncements

The Securities and Exchange Commission ("SEC") staff issued D-108 at the September 2004 meeting of the EITF. D-108 states that the residual method should no longer be used to value intangible assets other than goodwill. Rather, a direct method should be used to determine the fair value of all intangible assets required to be recognized under Statement of Financial Accounting Standards No. 141,

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Business Combinations. Registrants who have applied the residual method to the valuation of intangible assets for purposes of impairment testing under Statement 142 shall perform an impairment test using a direct value method on all intangible assets that were previously valued using the residual method by no later than the beginning of their first fiscal year beginning after December 15, 2004. The Company adopted D-108 for its fiscal year ended December 31, 2004. As a result of adoption, the Company recorded a non-cash charge of $162.9 million, net of deferred taxes of $113.2 million, as a cumulative effect of a change in accounting principle during the fourth quarter of 2004. See Note B for more disclosure.

In December 2004, the Financial Accounting Standards Board ("FASB") issued Financial Accounting Standard No. 153, *Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29* ("Statement 153"). Statement 153 eliminates the APB 29 exception for nonmonetary exchanges of similar productive assets and replaces it with an exception for exchanges of nonmonetary assets that do not have commercial substance. Statement 153 is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges occurring in fiscal periods beginning after the date of issuance. The provisions of Statement 153 should be applied prospectively. The Company expects to adopt Statement 153 for its fiscal year beginning January 1, 2006 and management does not believe that adoption will materially impact the Company's financial position or results of operations.

In December 2004, the FASB issued Staff Position 109-2 *Accounting and Disclosure Guidance for the Foreign Repatriation Provision within the American Jobs Creation Act of 2004* ("FSP 109-2"). FSP 109-2 allows an enterprise additional time beyond the financial reporting period in which the Act was enacted to evaluate the effects of the Act on its plans for repatriation of unremitted earnings for purposes of applying Financial Accounting Standard No. 109, *Accounting for Income Taxes,* ("Statement 109"). FSP 109-2 clarifies that an enterprise is required to apply the provisions of Statement 109 in the period, or periods, it decides on its plan(s) for reinvestment or repatriation of its unremitted foreign earnings. FSP 109-2 requires disclosure if an enterprise is unable to reasonably estimate, at the time of issuance of its financial statements, the related range of income tax effects for the potential range of foreign earnings that it may repatriate and requires an enterprise to recognize income tax expense (benefit) if an enterprise decides to repatriate a portion of unremitted earnings under the repatriation provision while it is continuing to evaluate the effects of the repatriation provision for the remaining portion of the unremitted foreign earnings. FSP 109-2 is effective upon issuance. The Company currently has the ability and intent to reinvest any undistributed earnings of its foreign subsidiaries. Any impact from this legislation has not been reflected in the amounts shown since the Company is reinvested for the foreseeable future.

On December 16, 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), *Share-Based Payment,* ("Statement 123(R)") which is a revision of Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation* ("Statement 123"). Statement 123(R) supersedes Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"), and amends Statement No. 95, *Statement of Cash Flows.* Generally, the approach in Statement 123(R) is similar to the approach described in Statement 123. However, Statement 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative. Statement 123(R) is effective for financial statements for the first interim or annual period beginning after June 15, 2005. Early adoption is permitted in periods in which financial statements have not yet been issued. In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. The Company intends to adopt Statement 123(R) on January 1, 2006.

As permitted by Statement 123, the Company currently accounts for share-based payments to employees using the APB 25 intrinsic value method and, as such, generally recognizes no compensation cost for employee stock options. Accordingly, the adoption of Statement 123(R)'s fair value method could have a significant impact on the Company's result of operations, although it will have no impact on its overall financial position. The Company is unable to quantify the impact of adoption of Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. However, had the Company adopted Statement 123(R) in prior periods, the impact of that standard would have approximated the impact of Statement 123 as described in the disclosure of pro forma net income and earnings per share below. Statement 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow. This requirement will increase net financing cash flows in periods after adoption. The Company cannot estimate what those amounts will be in the future because they depend on, among other things, when employees exercise stock options.

Stock Based Compensation

The Company does not have any compensation plans under which it grants stock awards to employees. On behalf of the Company, Clear Channel Communications grants the Company's officers and other key employees stock options to purchase shares of Clear Channel Communications common stock. Clear Channel Communications accounts for its stock-based award plans in accordance with APB 25, and related interpretations, under which compensation expense is recorded to the extent that the current market price of the underlying stock exceeds the exercise price. Clear Channel Communications calculates the pro forma stock compensation expense as if the stock-based awards had been accounted for using the provisions of Statement 123. The stock compensation expense is then allocated to the Company based on the percentage of options outstanding to employees of the Company. The required pro forma disclosures, based on this allocated expense are as follows:

	2004	2003	2002
		(In thousands)	
Income (loss) before cumulative effect of a change in accounting principle:			
Reported	$ 7,478	$ (34,993)	$ (55,708)
Pro forma stock compensation expense, net of tax	(6,474)	(3,701)	(4,447)
Pro Forma	$ 1,004	$ (38,694)	$ (60,155)

NOTE B — INTANGIBLE ASSETS AND GOODWILL

Definite-lived Intangibles

The Company has definite-lived intangible assets which consist primarily of transit and street furniture contracts and other contractual rights, all of which are amortized over the respective lives of the agreements. Other definite-lived intangible assets are amortized over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows. The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at December 31, 2004 and 2003:

	2004		2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(In thousands)			
Transit, street furniture, and other contractual rights	$ 688,373	$ 364,939	$ 655,775	$ 289,821
Other	57,093	46,243	56,301	37,688
Total	$ 745,466	$ 411,182	$ 712,076	$ 327,509

Total amortization expense from definite-lived intangible assets for the years ended December 31, 2004, 2003 and 2002 was $67.1 million, $66.9 million and $65.2 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets that exist at December 31, 2004:

	(In thousands)
2005	$ 83,251
2006	73,072
2007	47,875
2008	20,049
2009	17,502

As acquisitions and dispositions occur in the future and as purchase price allocations are finalized, amortization expense may vary.

Indefinite-lived Intangibles

On January 1, 2002, the Company adopted Statement 142, which addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, *Intangible Assets.* Statement 142 established new accounting for goodwill and other intangible assets recorded in business combinations. The Company performed the initial impairment test of its billboard permits at January 1, 2002 and subsequent impairment tests were performed at October 1, 2002, 2003 and 2004, all of which resulted in no impairment charge.

Upon the adoption of Statement 142 on January 1, 2002, the Company began to separately identify billboard permits as an indefinite-lived intangible asset. The Company's billboard permits are issued in perpetuity by state and local governments and are transferable or renewable at little or no cost. Permits typically include the location for which the permit allows the Company the right to operate an advertising structure. The Company's permits are located on either owned or leased land. In cases where the Company's permits are located on leased land, the leases are typically from 10 to 30 years and renew indefinitely, with rental payments generally escalating at an inflation based index. If the Company loses its lease, the Company will typically obtain permission to relocate the permit or bank it with the municipality for future use.

The Company does not amortize its billboard permits. The Company tests these indefinite-lived intangible assets for impairment at least annually. The carrying amount for billboard permits at December 31, 2004 and 2003 were $211.7 million and $424.6 million, respectively.

The SEC staff issued D-108 at the September 2004 meeting of the EITF. D-108 states that the residual method should no longer be used to value intangible assets other than goodwill. Rather, D-108 requires that a direct method be used to value intangible assets other than goodwill. Prior to adoption of D-108, the Company recorded its acquisition at fair value using an industry accepted income approach. The value calculated using the income approach was allocated to the indefinite-lived intangibles after deducting the value of tangible and intangible assets, as well as estimated costs of establishing a business at the market level. The Company used a similar approach in its annual impairment test prior to its adoption of D-108.

D-108 requires that an impairment test be performed upon adoption using a direct method for valuing intangible assets other than goodwill. Under the direct method, it is assumed that rather than acquiring indefinite-lived intangible assets as a part of a going concern business, the buyer hypothetically obtains indefinite-lived intangible assets and builds a new operation with similar attributes from scratch. Thus, the buyer incurs start-up costs during the build-up phase which are normally associated with going concern value. Initial capital costs are deducted from the discounted cash flows model, which results in value that is directly attributable to the indefinite-lived intangible assets.

Under the direct method, the Company continues to aggregate its indefinite-lived intangible assets at the market level for purposes of impairment testing as prescribed by EITF 02-07 *Unit of Accounting for Testing Impairment of Indefinite-Lived Intangible Assets.* The Company's key assumptions using the direct method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. This data is populated using industry normalized information representing an average station within a market.

The Company's adoption of the direct method resulted in an aggregate fair value of its indefinite-lived intangible assets that were less than the carrying value determined under its prior method. As a result of the adoption of D-108, the Company recorded a non-cash charge of $162.9 million, net of deferred taxes of $113.2 million as a cumulative effect of a change in accounting principle during the fourth quarter of 2004.

Goodwill

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. The second step, used to measure the amount of the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments for the years ended December 31, 2004 and 2003:

	Domestic	International	Total
		(In thousands)	
Balance as of December 31, 2002	$ 346,837	$ 294,129	$ 640,966
Acquisitions	2,371	13,611	15,982
Dispositions	(894)	—	(894)
Foreign currency translation	—	48,392	48,392
Adjustments	(2,978)	(671)	(3,649)
Balance as of December 31, 2003	345,336	355,461	700,797
Acquisitions	53,719	3,066	56,785
Foreign currency translation	—	29,401	29,401
Adjustments	(1,678)	1,701	23
Balance as of December 31, 2004	$ 397,377	$ 389,629	$ 787,006

Upon adopting Statement 142, the Company completed the two-step impairment test during the first quarter of 2002. As a result of this test, the Company recognized impairment of approximately $3.5 billion, net of deferred taxes of $504.9 million related to tax deductible goodwill, as a component of the cumulative effect of a change in accounting principle during the first quarter of 2002.

NOTE C — BUSINESS ACQUISITIONS

2004 Acquisitions:

Medallion Merger

In September 2004, the Company acquired Medallion Taxi Media, Inc. ("Medallion") for $31.6 million. Medallion's operations include advertising displays placed on the top of taxi cabs. The Company began consolidating the results of operations in September 2004.

In addition to the above, during 2004 the Company acquired display faces for $60.8 million in cash and acquired equity interests in international outdoor companies for $2.5 million in cash. Also, the Company exchanged advertising assets, valued at $23.7 million for other advertising assets valued at $32.3 million. As a result of this exchange, the Company recorded a gain of $8.6 million in "Other income (expense) — net".

2003 Acquisitions:

During 2003 the Company acquired domestic display faces for $28.3 million in cash. The Company also acquired investments in nonconsolidated affiliates for $10.7 million in cash and acquired an additional 10% interest in a subsidiary for $5.1 million in cash.

Table of Contents

2002 Acquisitions:

Ackerley Merger

In June 2002 the Company acquired The Ackerley Group, Inc. ("Ackerley"). Ackerley operated approximately 6,000 outdoor displays in the Boston, Seattle and Portland, Oregon metropolitan markets, which are now operated by the Company. The transaction was funded by $26.3 million of the Company's operating cash and a non-cash capital contribution from Clear Channel Communications of $612.8 million. This transaction resulted in the recognition of approximately $358.8 million of goodwill, $42.8 million of which was tax deductible.

The results of operations for the year ended December 31, 2002 include the operations of Ackerley from June 2002. Unaudited pro forma combined results of operations, assuming the Ackerley acquisition had occurred on January 1, 2002 would have been as follows:

		(In thousands)
Revenue	$	1,887,051
Income (loss) before cumulative effect of a change in accounting principle	$	(38,871)
Net loss	$	(3,566,069)

The pro forma information above is presented in response to applicable accounting rules relating to business acquisitions and is not necessarily indicative of the actual results that would have been achieved had the merger occurred at the beginning of 2002, nor is it indicative of future results of operations.

Other

In addition to the acquisition discussed above, during 2002 the Company acquired domestic display faces for $126.3 million in cash and acquired investments in nonconsolidated affiliates for $2.1 million in cash.

Acquisition Summary

The following is a summary of the assets and liabilities acquired and the consideration given for all acquisitions made during 2004 and 2003:

	2004	2003
	(In thousands)	
Accounts receivable	$ —	$ 210
Property, plant and equipment	15,061	10,945
Permits	36,956	19,499
Goodwill	45,762	7,795
Investments	2,512	11,993
	100,291	50,442
Other liabilities	(3,058)	(6,354)
Deferred tax	(2,355)	49
	(5,413)	(6,305)
Cash paid for acquisitions	$ 94,878	$ 44,137

The Company has entered into certain agreements relating to acquisitions that provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired company. The Company will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The

aggregate of these contingent payments, if performance targets were met, would not significantly impact the Company's financial position or results of operations.

Restructuring:

As a result of the Company's acquisition of Ackerley in June 2002, the Company recorded a $9.4 million accrual related to the restructuring of Ackerley's operations. Of the $9.4 million, $5.3 million is related to severance and $4.1 million is related to lease terminations. The Ackerley corporate office closed in July 2002. At December 31, 2004, the accrual balance for this restructuring was $1.9 million. This restructuring has resulted in the actual termination of 19 employees. The Company recorded a liability in purchase accounting for Ackerley primarily related to severance for terminated employees and lease terminations as follows:

	2004	2003	2002
		(In thousands)	
Severance and lease termination costs:			
Accrual at January 1	$ 2,661	$ 8,940	$ —
Estimated costs charged to restructuring accrual in purchase accounting	—	—	9,375
Adjustments to restructuring accrual	(377)	(5,265)	—
Payments charged against restructuring accrual	(357)	(1,014)	(435)
Remaining severance and lease termination accrual at December 31	$ 1,927	$ 2,661	$ 8,940

The remaining restructuring accrual is comprised solely of lease termination, which will be paid over the next five years. During 2004, there were no payments charged to the restructuring reserve related to severance. The Company made adjustments to finalize the purchase price allocation for the Ackerley merger in 2003.

In addition to the restructuring described above, the Company restructured its operations in Spain during the fourth quarter of 2004. As a result, the Company has recorded a $4.1 million accrual in selling, general and administrative expenses. Of the $4.1 million, $2.2 million was related to severance and $1.9 million was related to consulting and other costs. As of December 31, 2004, this accrual balance remained $4.1 million. It is expected that this accrual will be paid over the next year. This restructuring will result in the termination of 44 employees.

During 2003, the Company restructured its operations in France resulting in a $13.8 million restructuring accrual being recorded in selling, general and administrative expenses. Of the $13.8 million, $12.5 million was related to severance and $1.3 million was related to lease terminations and consulting costs. As of December 31, 2004, this accrual balance was $.8 million. It is expected that this accrual will be paid during 2005. This restructuring resulted in the termination of 134 employees.

NOTE D — INVESTMENTS

The Company's most significant investments in nonconsolidated affiliates are listed below:

Clear Media

At December 31, 2004, the Company owned 48.1% of the total number of shares of Hainan White Horse Advertising Media Investment Co. Ltd. ("Clear Media"), formerly known as White Horse, a Chinese company that operates street furniture displays throughout China. At December 31, 2004, the fair market value of the Company's shares of Clear Media was $231.3 million.

Clear Channel Independent

The Company owns a 50% interest in Clear Channel Independent ("CCI"), formerly known as Corp Comm, a South African company involved in outdoor advertising.

Alessi

The Company owns a 35% interest in Alessi, an Italian company involved in outdoor advertising.

Summarized Financial Information

The following table summarizes the Company's investments in these nonconsolidated affiliates:

	Clear Media	CCI	Alessi	All Others	Total
			(In thousands)		
At December 31, 2003	$ 77,257	$ 29,557	$ 22,977	$ 25,855	$ 155,646
Acquisition (disposition) of investments	—	1,456	520	(298)	1,678
Transfers from cost investments and other reclasses	—	—	—	852	852
Additional investment, net	—	7,508	—	(522)	6,986
Equity in net earnings (loss)	(3,990)	5,475	707	(2,268)	(76)
Foreign currency translation adjustment	(33)	7,372	1,894	738	9,971
At December 31, 2004	$ 73,234	$ 51,368	$ 26,098	$ 24,357	$ 175,057

The above investments are not consolidated, but are accounted for under the equity method of accounting, whereby the Company records its investments in these entities in the balance sheet as "Investments in, and advances to, nonconsolidated affiliates." The Company's interests in their operations are recorded in the statement of operations as "Equity in earnings (loss) of nonconsolidated affiliates". Accumulated undistributed earnings included in retained deficit for these investments were $5.5 million, $5.4 million and $.3 million for December 31, 2004, 2003 and 2002, respectively.

Other Investments

Cost and fair value of other investments at December 31, 2004 and 2003 was $3.2 million and $16.5 million, respectively. At December 31, 2004, these marketable securities were all classified as other cost investments. At December 31, 2003, $11.9 million of these marketable securities were classified as trading and the remaining $4.6 million was classified as other cost investments.

NOTE E — ASSET RETIREMENT OBLIGATION

The Company has an asset retirement obligation of $49.2 million as of December 31, 2004, which is reported in "Other long-term liabilities". The liability relates to the Company's obligation to dismantle and remove its advertising displays from leased land and to reclaim the site to its original condition upon the termination or non-renewal of a lease. The liability is capitalized as part of the related long-lived assets' carrying value. Due to the high rate of lease renewals over a long period of time, the calculation assumes that all related assets will be removed at some period over the next 50 years. An estimate of third-party cost information is used with respect to the dismantling of the structures and the reclamation of the site. The interest rate used to calculate the present value of such costs over the retirement period is based on an estimated risk adjusted credit rate for the same period. During 2004, the Company increased its liability due to a change in estimate associated with the remediation costs used in the calculation. This change was recorded as an addition to the liability and related assets' carrying values.

The following table presents the activity related to the Company's asset retirement obligation:

	(In thousands)
Balance at December 31, 2003	$ 24,000
Adjustment due to change in estimate of related costs	26,850
Accretion of liability	1,800
Liabilities settled	(3,434)
Balance at December 31, 2004	$ 49,216

NOTE F — LONG-TERM DEBT

Long-term debt at December 31, 2004 and 2003 consisted of the following:

	December 31,	
	2004	2003
	(In thousands)	
Debt with Clear Channel Communications	$ 1,463,000	$ 1,463,000
Bank credit facilities	23,938	50,119
Other long-term debt	152,442	156,898
	1,639,380	1,670,017
Less: current portion	146,268	136,763
Total long-term debt	$ 1,493,112	$ 1,533,254

Debt with Clear Channel Communications

In 2002, the Company converted its $1.3 billion line of credit with Clear Channel Communications and issued two intercompany notes to Clear Channel Communications in the aggregate original principal amount of approximately $1.5 billion. The Company received $.2 million in excess proceeds that were used to acquire operating assets. The first intercompany note in the original principal amount of approximately $1.4 billion matures on December 31, 2017 and may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 10%. The second intercompany note in the original principal amount of approximately $73.0 million matures on December 31, 2017 and may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 9%. Prior to the issuance of the two intercompany notes, the Company recorded interest at a per annum rate of 6% on all net borrowings from Clear Channel Communications.

Bank Credit Facility

An international subsidiary of the Company had a $150.0 million five-year revolving credit facility with a group of international banks. This facility allowed for borrowings in various foreign currencies, which were used to hedge net assets in those currencies and provide funds to the Company's international operations for certain working capital needs. At December 31, 2003, $50.1 million was outstanding. On July 30, 2004, the Company paid in full this $150.0 million five-year revolving credit facility. The $150.0 million five-year revolving credit facility was then terminated on August 6, 2004.

On July 13, 2004, Clear Channel Communications, entered into a five-year, multi-currency revolving credit facility in the amount of $1.75 billion. Certain of the Company's international subsidiaries are offshore borrowers under a $150.0 million sub-limit within this $1.75 billion credit facility. This sub-limit allows for borrowings in various foreign currencies, which are used to hedge net assets in those currencies and provide funds to the Company's international operations for certain working capital needs. Certain of the Company's international subsidiary borrowings under this sub-limit are guaranteed by Clear Channel

Communications. The interest rate is based upon, LIBOR, or, in the case of Euro, EURIBOR, plus a margin. At December 31, 2004, interest rates on this bank credit facility varied from 1.9% to 5.76%. At December 31, 2004, the outstanding balance on the $150.0 million sub-limit was $23.9 million and $126.1 million was available for future borrowings, with the entire balance to be repaid on July 12, 2009.

Debt Covenants

Clear Channel Communications' significant covenants on its $1.75 billion five-year, multi-currency revolving credit facility relate to leverage and interest coverage contained and defined in the credit facility. The leverage ratio covenant requires Clear Channel Communications to maintain a ratio of consolidated funded indebtedness to operating cash flow (as defined by the credit facility) of less than 5.25x. The interest coverage covenant requires Clear Channel Communications to maintain a minimum ratio of operating cash flow (as defined by the credit facility) to interest expense of 2.50x. In the event that Clear Channel Communications does not meet these covenants, it is considered to be in default on the credit facility at which time the credit facility, including the $150.0 sub-limit utilized by certain of the Company's international subsidiaries, may become immediately due. At December 31 2004, Clear Channel Communications' leverage and interest coverage ratios were 3.1x and 6.4x, respectively. This credit facility contains a cross default provision that would be triggered if Clear Channel Communications were to default on any other indebtedness greater than $200.0 million. At December 31, 2004, Clear Channel Communications was in compliance with all debt covenants.

Other Debt

Other debt includes various borrowings and capital leases utilized for general operating purposes. Included in the $152.4 million and $156.9 million balances at December 31, 2004 and 2003, is $146.3 million and $136.8 million, respectively, that mature in less than one year.

Future maturities of long-term debt at December 31, 2004 are as follows:

	(In thousands)
2005	$ 146,268
2006	3,728
2007	841
2008	660
2009	24,110
Thereafter	1,463,773
Total	$ 1,639,380

NOTE G — COMMITMENTS AND CONTINGENCIES

The Company leases office space, equipment and the majority of the land occupied by its advertising structures under long-term operating leases. Some of the lease agreements contain renewal options and annual rental escalation clauses (generally tied to the consumer price index), as well as provisions for the payment of utilities and maintenance by the Company.

The Company has minimum franchise payments associated with non-cancelable contracts that enable it to display advertising on such media as buses, taxis, trains, bus shelters and terminals, as well as other type contacts. The majority of these contracts contain rent provisions that are calculated as the greater of a percentage of the relevant advertising revenue or a specified guaranteed minimum annual payment. In addition, the Company has commitments relating to required purchases of property, plant, and equipment under certain street furniture contracts.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

As of December 31, 2004, the Company's future minimum rental commitments under non-cancelable operating lease agreements with terms in excess of one year, minimum payments under non-cancelable contracts in excess of one year, and capital expenditure commitments consist of the following:

	Non-Cancelable Operating Leases	Non-Cancelable Contracts	Capital Expenditures
		(In thousands)	
2005	$ 177,567	$ 382,528	$ 119,687
2006	157,150	281,051	44,186
2007	133,677	191,959	18,879
2008	117,503	149,640	18,876
2009	100,524	133,945	6,346
Thereafter	567,593	528,429	15,742
Total	$ 1,254,014	$ 1,667,552	$ 223,716

Rent expense charged to operations for 2004, 2003 and 2002 was $822.8 million, $721.5 million and $610.4 million, respectively.

The Company is currently involved in certain legal proceedings and, as required, has accrued its estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings.

In various areas in which the Company operates, outdoor advertising is the object of restrictive and, in some cases, prohibitive zoning and other regulatory provisions, either enacted or proposed. The impact to the Company of loss of displays due to governmental action has been somewhat mitigated by federal and state laws mandating compensation for such loss and constitutional restraints.

Various acquisition agreements include deferred consideration payments including future contingent payments based on the financial performance of the acquired companies, generally over a one to five year period. Contingent payments involving the financial performance of the acquired companies are typically based on the acquired company meeting certain EBITDA targets as defined in the agreement. The contingent payment amounts are generally calculated based on predetermined multiples of the achieved EBITDA not to exceed a predetermined maximum payment. At December 31, 2004, the Company believes its maximum aggregate contingency, which is subject to the financial performance of the acquired companies, is approximately $36.5 million. In addition, certain acquisition agreements include deferred consideration payments based on performance requirements by the seller, generally over a one to five year period. Contingent payments based on performance requirements by the seller typically involve the completion of a development or obtaining appropriate permits that enable the Company to construct additional advertising displays. At December 31, 2004, the Company believes its maximum aggregate contingency, which is subject to performance requirements by the seller, is approximately $36.7 million. As the contingencies have not been met or resolved as of December 31, 2004, these amounts are not recorded. If future payments are made, amounts will be recorded as additional purchase price.

The Company has various investments in nonconsolidated affiliates that are subject to agreements that contain provisions that may result in future additional investments to be made by the Company. The put values are contingent upon financial performance of the investee and are typically based on the investee meeting certain EBITDA targets, as defined in the agreement. The contingent payment amounts are generally calculated based on predetermined multiples of the achieved EBITDA not to exceed a predetermined maximum amount.

NOTE H — RELATED PARTY TRANSACTIONS

The Company has an account that represents net amounts due to or from Clear Channel Communications, which is recorded as "Due from Clear Channel Communications" on the combined balance sheets. The account does not accrue interest and is generally payable on demand. Included in the account is the net activity resulting from day-to-day cash management services provided by Clear Channel Communications. As a part of these services, the Company maintains collection bank accounts that are swept daily by Clear Channel Communications. In return, Clear Channel Communications funds the Company's controlled disbursement accounts as checks or electronic payments are presented for payment. At December 31, 2004 and 2003, the balance in "Due from Clear Channel Communications" was $302.6 million and $154.4 million, respectively.

The Company has issued two intercompany notes to Clear Channel Communications in the aggregate original principal amount of approximately $1.5 billion. These notes are further disclosed in Note F.

Clear Channel Communications has provided funding for certain of the Company's acquisitions of outdoor advertising net assets. The amounts funded by Clear Channel Communications for these acquisitions are recorded in "Owner's net investment," a component of owner's equity.

The Company provides advertising space on its billboards for radio stations owned by Clear Channel Communications. For the years ended December 31, 2004, 2003 and 2002, the Company recorded $12.4 million, $17.5 million, and $12.5 million, respectively, in revenue for these advertisements.

Clear Channel Communications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) human resources and employee benefits services; (iii) legal and related services; (iv) information systems, network and related services; (v) investment services; (vi) corporate services; and (vii) procurement and sourcing support services. These services are charged to the Company based on actual direct costs incurred or allocated by Clear Channel Communications based on a seasonally adjusted headcount calculation. For the years ended December 31, 2004, 2003 and 2002, the Company recorded $24.7 million, $19.6 million, and $17.6 million, respectively, as a component of corporate expenses for these services.

Clear Channel Communications owns the trademark and trade names used by the Company. Beginning January 1, 2003, Clear Channel Communications charges the Company a royalty fee based upon a percentage of annual revenue. Clear Channel Communications used a third party valuation firm to assist in the calculation of the royalty fee. For the years ended December 31, 2004 and 2003, the Company recorded $15.8 million and $14.1 million, respectively, of royalty fees in "Other income (expense) — net."

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications. The Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries. Tax payments are made to Clear Channel Communications on the basis of the Company's separate taxable income. Tax benefits recognized on employee stock options exercises are retained by Clear Channel Communications.

The Company computes its deferred income tax provision using the liability method in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes,* as if the Company was a separate taxpayer. Deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if the Company believes it is more likely than not that some portion or all of the asset will not be realized. The Company's provision for income taxes is further disclosed in Note I.

The Company's employees participate in Clear Channel Communications employee benefit plans, including employee medical insurance and a 401(k) retirement benefit plan. These costs are recorded as a component of selling, general and administrative expenses and were approximately $8.2 million, $7.1 million, and $6.6 million for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE I — INCOME TAXES

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications, Inc. However, for financial reporting purposes, the Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries.

Significant components of the provision for income tax expense (benefit) are as follows:

	2004	2003	2002
		(In thousands)	
Current — federal	$ (10,291)	$ (27,813)	$ (85,352)
Current — foreign	34,894	22,734	20,796
Current — state	(1,181)	(7,013)	(7,452)
Total current	23,422	(12,092)	(72,008)
Deferred — federal	40,048	44,098	50,476
Deferred — foreign	(18,339)	(27,714)	(37,759)
Deferred — state	17,423	7,560	8,653
Total deferred	39,132	23,944	21,370
Income tax expense (benefit)	$ 62,554	$ 11,852	$ (50,638)

The increases in current and deferred expense of $35.5 million and $15.2 million, respectively, for the year ended December 31, 2004 were due to an increase in "Income (loss) before income taxes and cumulative effect of a change in accounting principle" of $93.2 million and additional deferred tax expense of approximately $16.0 million being recorded in order to adjust the deferred tax asset balance to an amount determined to be realizable by the Company.

The decrease in current tax benefit recorded of $59.9 million for the year ended December 31, 2003 was due primarily to an increase in income before income taxes of approximately $83.2 million.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

Significant components of the Company's deferred tax liabilities and assets as of December 31, 2004 and 2003 are as follows:

	2004	2003
	(In thousands)	
Deferred tax liabilities:		
Foreign	$ 37,185	$ 55,524
Other	1,816	2,605
Total deferred tax liabilities	39,001	58,129
Deferred tax assets:		
Intangibles and fixed assets	266,053	209,214
Accrued expenses	1,163	1,273
Equity in earnings	2,138	776
Net operating loss carryforwards	—	753
Bad debt reserves	1,624	1,396
Deferred income	8,762	11,463
Other	95	47
Total gross deferred tax assets	279,835	224,922
Net deferred tax assets	240,834	166,793
Less current portion	9,778	11,600
Long term deferred tax asset	$ 231,056	$ 155,193

The deferred tax asset related to intangibles and fixed assets primarily relates to the difference in book and tax basis of acquired permits and tax deductible goodwill created from the Company's various stock acquisitions. As discussed in Note B, in 2004 the Company adopted D-108, which resulted in the Company recording a non-cash charge of approximately $162.9 million, net of deferred tax of $113.2 million, related to its permits. In accordance with Statement No. 142, the Company no longer amortizes permits. Thus, a deferred tax benefit for the difference between book and tax amortization for the Company's permits and tax-deductible goodwill is no longer recognized, as these assets are no longer amortized for book purposes. As the Company continues to amortize its tax basis in its permits and tax deductible goodwill, the deferred tax asset will decrease over time.

Deferred tax assets and liabilities are computed by applying the U.S. federal and state income tax rate in effect to the gross amounts of temporary differences.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense (benefit) is:

	2004	2003	2002
		(In thousands)	
Income tax expense (benefit) at statutory rates	$ 24,511	$ (8,100)	$ (37,221)
State income taxes, net of federal tax benefit	16,242	547	1,201
Foreign taxes	11,379	5,974	(19,620)
Nondeductible items	607	560	476
Additional deferred tax expense	4,804	—	—
Tax contingencies	4,626	10,116	3,892
Subpart F income	441	2,542	871
Other, net	(56)	213	(237)
	$ 62,554	$ 11,852	$ (50,638)

During 2004, the Company recorded tax expense of approximately $62.6 million on income (loss) before income taxes of $70.0 million. Foreign income (loss) before income taxes was approximately $14.8 million for 2004. The Company recorded additional deferred tax expense of approximately $16.0 million in 2004 in order to adjust the deferred tax asset balance to an amount determined to be realizable by the Company. In addition, the Company did not record a tax benefit on certain tax losses in its foreign operations due to the uncertainty of the ability to utilize those tax losses in the future.

During 2003, the Company recorded tax expense of approximately $11.9 million on income (loss) before income taxes of ($23.1) million. Foreign income (loss) before income taxes was approximately ($31.3) million. The Company recorded additional current tax expense due to certain tax contingencies of approximately $10.1 million in 2003. In addition, the Company did not record a tax benefit on certain tax losses in its foreign operations due to the uncertainty of the ability to utilize those tax losses in the future.

During 2002, the Company recorded tax benefit of approximately $50.6 million on income (loss) before income taxes of ($106.3) million. The Company recorded a tax benefit from foreign operations of approximately $17.0 million on foreign income (loss) before income taxes of approximately $7.6 million. The tax benefit was the result of the blending of income taxed in low tax rate jurisdictions and losses benefited in high tax rate jurisdictions.

All tax liabilities owed by the Company are paid by Clear Channel Communications through an operating account that represents net amounts due to or from Clear Channel Communications.

NOTE J — OWNER'S EQUITY

Stock Options

Clear Channel Communications has granted options to purchase Clear Channel Communications common stock to employees of the Company and its affiliates under various stock option plans at no less than the fair market value of the underlying stock on the date of grant. These options are granted for a term not exceeding ten years and are forfeited in the event the employee or director terminates his or her employment or relationship with the Company or one of its affiliates. All option plans contain anti-dilutive provisions that require the adjustment of the number of shares of the Company common stock represented by each option for any stock splits or dividends.

Restricted Stock Awards

On behalf of the Company, Clear Channel Communications began granting restricted stock awards to the Company's employees in 2004. These Clear Channel Communications common shares bear a legend

which restricts their transferability for a term of from three to five years and are forfeited in the event the employee terminates his or her employment or relationship with the Company prior to the lapse of the restriction. The restricted stock awards were granted out of the Clear Channel Communications' stock option plans. All option plans contain anti-dilutive provisions that require the adjustment of the number of shares of the Clear Channel Communications common stock represented by each option for any stock splits or dividends. Additionally, recipients of the restricted stock awards are entitled to all cash dividends as of the date the award was granted. The Company had 12,345 restricted stock awards outstanding at December 31, 2004 at a weighted average share price at the date of grant of $44.48.

NOTE K — EMPLOYEE STOCK AND SAVINGS PLANS

The Company's employees are eligible to participate in various 401(K) savings and other plans provided by Clear Channel Communications for the purpose of providing retirement benefits for substantially all employees. Both the employees and the Company make contributions to the plan. The Company matches a portion of an employee's contribution. Beginning January 1, 2003, the Company match was increased from 35% to 50% of the employee's first 5% of pay contributed to the plan. Company matched contributions vest to the employees based upon their years of service to the Company. Contributions to these plans of $1.9 million, $1.6 million and $1.2 million were charged to expense for 2004, 2003 and 2002, respectively.

The Company's employees are also eligible to participate in a non-qualified employee stock purchase plan provided by Clear Channel Communications. Under the plan, shares of Clear Channel Communications' common stock may be purchased at 85% of the market value on the day of purchase. Employees may purchase shares having a value not exceeding 10% of their annual gross compensation or $25,000, whichever is lower. During 2004, 2003 and 2002, all Clear Channel Communications employees purchased 262,163, 266,978 and 319,817 shares at weighted average share prices of $32.05, $34.01 and $33.85, respectively. The Company's employees represent approximately 12% of the total participation in this plan.

Certain highly compensated executives of the Company are eligible to participate in a non-qualified deferred compensation plan provided by Clear Channel Communications, which allows deferrals up to 50% of their annual salary and up to 80% of their bonus before taxes. The Company does not match any deferral amounts and retains ownership of all assets until distributed. There is no liability recorded by the Company under this deferred compensation plan as the liability of this plan is Clear Channel Communications'.

NOTE L — OTHER INFORMATION

	For the Year Ended December 31,		
	2004	2003	2002
		(In thousands)	
The following details the components of "Other income (expense) — net":			
Royalty fee to Clear Channel Communications	$ (15,809)	$ (14,063)	$ —
Gain on sale of operating and fixed assets	11,718	11,047	7,118
Asset retirement obligation	—	(7,000)	—
Minority interest	(7,602)	(3,906)	1,778
Other	(1,648)	5,327	268
Total other income (expense) — net	$ (13,341)	$ (8,595)	$ 9,164

NOTE M — SEGMENT DATA

The Company has two reportable operating segments — domestic and international. The domestic segment includes operations in North and South America, and the international segment includes operations in Europe, Asia, Africa and Australia.

	Domestic	International	Corporate	Combined
		(In thousands)		
2004				
Revenue	$ 1,092,089	$ 1,354,951	$ —	$ 2,447,040
Direct operating expenses	468,687	793,630	—	1,262,317
Selling, general and administrative expenses	173,010	326,447	—	499,457
Depreciation and amortization	186,620	201,597	—	388,217
Corporate expenses	—	—	53,770	53,770
Operating income (loss)	$ 263,772	$ 33,277	$ (53,770)	$ 243,279
Identifiable assets	$ 3,378,761	$ 1,862,172	$ —	$ 5,240,933
Capital expenditures	$ 60,506	$ 115,634	$ —	$ 176,140
2003				
Revenue	$ 1,006,376	$ 1,168,221	$ —	$ 2,174,597
Direct operating expenses	435,075	698,311	—	1,133,386
Selling, general and administrative expenses	161,579	295,314	—	456,893
Depreciation and amortization	194,237	185,403	—	379,640
Corporate expenses	—	—	54,233	54,233
Operating income (loss)	$ 215,485	$ (10,807)	$ (54,233)	$ 150,445
Identifiable assets	$ 3,507,019	$ 1,725,801	$ —	$ 5,232,820
Capital expenditures	$ 60,685	$ 144,460	$ —	$ 205,145
2002				
Revenue	$ 911,493	$ 948,148	$ —	$ 1,859,641
Direct operating expenses	399,006	558,824	—	957,830
Selling, general and administrative expenses	158,159	234,644	—	392,803
Depreciation and amortization	179,947	156,948	—	336,895
Corporate expenses	—	—	52,218	52,218
Operating income (loss)	$ 174,381	$ (2,268)	$ (52,218)	$ 119,895
Identifiable assets	$ 3,494,697	$ 1,431,508	$ —	$ 4,926,205
Capital expenditures	$ 83,563	$ 206,624	$ —	$ 290,187

Revenue of $57.5 million, $46.6 million and $42.7 million and identifiable assets of $35.7 million, $28.9 million and $14.9 million derived from the Company’s foreign operations are included in the Domestic data above for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS — (Continued)

NOTE N — 2004 QUARTERLY RESULTS OF OPERATIONS (Unaudited)

	For the Three Months Ended			
	March 31	June 30	September 30	December 31
	(In thousands)			
Revenue	$ 521,593	$ 639,549	$ 600,166	$ 685,732
Operating expenses:				
Direct operating expenses	411,873	432,125	438,610	479,166
Selling, general and administrative expenses				
Depreciation and amortization	99,750	92,806	96,254	99,407
Corporate expenses	11,856	14,681	12,914	14,319
Operating income (loss)	(1,886)	99,937	52,388	92,840
Interest expense	3,675	3,600	3,836	3,066
Intercompany interest expense	36,413	36,413	36,413	36,414
Equity in earnings of nonconsolidated affiliates	319	4,468	(2,517)	(2,346)
Other income (expense) — net	(6,435)	(5,203)	(5,572)	3,869
Income (loss) before income taxes and cumulative effect of a change in accounting principle	(48,090)	59,189	4,050	54,883
Income tax (expense) benefit	35,706	(43,946)	(3,009)	(51,305)
Income (loss) before cumulative effect of a change in accounting principle	(12,384)	15,243	1,041	3,578
Cumulative effect of a change in accounting principle, net of tax of $113,173	—	—	—	(162,858)
Net income (loss)	$ (12,384)	$ 15,243	$ 1,041	$ (159,280)

NOTE O — SUBSEQUENT EVENTS

In July, 2005, the Company increased its investment in Clear Media Limited, a Chinese outdoor advertising company, to over 50%. As a result, the Company will no longer account for this investment under the equity method, but rather will begin consolidating the results of Clear Media Limited beginning in the third quarter of 2005.

On July 27, 2005, the Company announced to the trade union representatives and to employees a draft plan to restructure its operations in France. In connection with the restructuring, the Company expects to record approximately $25.0 million in restructuring costs, including employee termination and other costs, as a component of selling, general and administrative expenses during the third quarter of 2005.

On August 2, 2005, a wholly-owned subsidiary of the Company entered into a $2.5 billion intercompany note payable to the Company which was subsequently distributed as a dividend in a series of transfers to Clear Channel Communications. This note accrues interest based upon Clear Channel Communications' weighted average cost of funds. This note will mature on August 2, 2010.

COMBINED BALANCE SHEETS

	June 30, 2005	December 31, 2004
	(Unaudited)	
	(In thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 49,665	$ 37,948
Accounts receivable, less allowance of $20,699 at June 30, 2005 and $19,487 at December 31, 2004	644,616	661,244
Due from Clear Channel Communications	319,494	302,634
Prepaid expenses	65,525	59,601
Other current assets	38,339	45,813
Total Current Assets	1,117,639	1,107,240
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings and improvements	311,706	318,478
Structures	3,036,170	3,110,233
Furniture and other equipment	229,889	238,973
Construction in progress	60,499	54,021
	3,638,264	3,721,705
Less accumulated depreciation	1,582,497	1,525,720
	2,055,767	2,195,985
INTANGIBLE ASSETS		
Definite-lived intangibles, net	276,127	334,284
Indefinite-lived intangibles — permits	212,485	211,690
Goodwill	748,698	787,006
OTHER ASSETS		
Notes receivable	5,765	5,872
Investments in, and advances to, nonconsolidated affiliates	177,042	175,057
Deferred tax asset	243,251	231,056
Other assets	254,775	189,513
Other investments	821	3,230
Total Assets	$ 5,092,370	$ 5,240,933
LIABILITIES AND OWNER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 201,928	$ 243,542
Accrued expenses	253,687	264,567
Accrued interest	1,133	558
Accrued income tax	34,279	—
Deferred income	102,301	94,120
Current portion of long-term debt	130,431	146,268
Total Current Liabilities	723,759	749,055
Long-term debt	61,475	30,112
Debt with Clear Channel Communications	1,463,000	1,463,000
Other long-term liabilities	205,333	205,811
Minority interest	60,874	63,302
Commitment and contingent liabilities (Note 4)		
OWNER'S EQUITY		
Owners net investment	6,679,664	6,679,664
Retained deficit	(4,238,602)	(4,250,222)
Accumulated other comprehensive income	136,867	300,211
Total Owner's Equity	2,577,929	2,729,653
Total Liabilities and Owner's Equity	$ 5,092,370	$ 5,240,933

See Notes to Combined Financial Statements

UNAUDITED INTERIM COMBINED STATEMENTS OF OPERATIONS

	Six Months Ended June 30,	
	2005	2004
	(In thousands)	
Revenue	$ 1,263,468	$ 1,161,142
Operating expenses:		
Direct operating expenses (exclusive of depreciation and amortization)	915,673	843,998
Selling, general and administrative expenses (exclusive of depreciation and amortization)		
Depreciation and amortization	194,828	192,556
Corporate expenses (exclusive of depreciation and amortization)	26,398	26,537
Operating income	126,569	98,051
Interest expense	6,467	7,275
Intercompany interest expense	72,828	72,826
Equity in earnings of nonconsolidated affiliates	5,947	4,787
Other income (expense) — net	(6,735)	(11,638)
Income before income taxes	46,486	11,099
Income tax (expense) benefit:		
Current	(46,745)	3,537
Deferred	11,879	(11,777)
Net income	$ 11,620	$ 2,859
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(163,344)	(25,440)
Comprehensive loss	$ (151,724)	$ (22,581)

See Notes to Combined Financial Statements

Table of Contents

UNAUDITED COMBINED STATEMENTS OF CHANGES IN OWNER'S EQUITY

	Owner's Net Investment	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
		(In thousands)		
Balances at December 31, 2004	$ 6,679,664	$ (4,250,222)	$ 300,211	$ 2,729,653
Net income	—	11,620	—	11,620
Currency translation adjustment	—	—	(163,344)	(163,344)
Balances at June 30, 2005	$ 6,679,664	$ (4,238,602)	$ 136,867	$ 2,577,929

See Notes to Combined Financial Statements

UNAUDITED INTERIM COMBINED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2005	2004
	(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 11,620	$ 2,859
Reconciling Items:		
Depreciation and amortization	194,828	192,556
Deferred taxes	(11,879)	11,777
(Gain) loss on sale of operating and fixed assets	(1,699)	(1,307)
Equity in earnings of nonconsolidated affiliates	(5,947)	(4,787)
Increase (decrease) other, net	3,200	2,434
Changes in operating assets and liabilities, net of effects of acquisitions:		
Decrease (increase) in accounts receivable	3,247	2,194
Decrease (increase) in prepaid expenses	(5,924)	(7,237)
Decrease (increase) in other current assets	(6,429)	(4,086)
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(68,355)	(63,416)
Increase (decrease) in accrued interest	566	965
Increase (decrease) in deferred income	6,440	34,606
Increase (decrease) in accrued income taxes	47,621	33,399
Net cash provided by operating activities	167,289	199,957
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in notes receivable, net	107	580
Decrease (increase) in investments in, and advances to, nonconsolidated affiliates — net	595	(6,879)
Purchases of investments	—	(408)
Purchases of property, plant and equipment	(77,883)	(76,900)
Proceeds from disposal of assets	4,944	3,482
Acquisition of operating assets	(54,217)	(54,057)
Decrease (increase) in other — net	(21,781)	(9,587)
Net cash used in investing activities	(148,235)	(143,769)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Draws on credit facilities	42,291	23,207
Payments on credit facilities	(24,386)	(9,832)
Net transfers to Clear Channel Communications	(16,860)	(63,522)
Net cash provided by (used in) financing activities	1,045	(50,147)
Effect of exchange rate changes on cash	(8,382)	150
Net increase in cash and cash equivalents	11,717	6,191
Cash and cash equivalents at beginning of period	37,948	34,105
Cash and cash equivalents at end of period	$ 49,665	$ 40,296

See Notes to Combined Financial Statements

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Preparation of Interim Financial Statements

Clear Channel Outdoor Holdings, Inc. (the "Company") includes the entities principally comprising the outdoor segment of Clear Channel Communications, Inc. ("Clear Channel Communications"), a diversified media company with operations in radio broadcasting, outdoor advertising and live entertainment. The Company has two principal business segments: domestic and international. The domestic segment includes operations in North and South America; and the international segment includes operations in Europe, Asia, Africa and Australia.

The combined financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for the full year.

The combined financial statements include assets and liabilities of Clear Channel Communications not currently owned by the Company that will be transferred to the Company prior to or concurrent with the initial public offering of 10% of the Company's common stock. The combined financial statements are comprised of businesses included in the consolidated financial statements and accounting records of Clear Channel Communications, using the historical results of operations, and historical basis of assets and liabilities of the outdoor business. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. Significant intercompany accounts among the combined businesses have been eliminated in consolidation.

Stock-Based Compensation

The Company does not have any compensation plans under which it grants stock awards to employees. Clear Channel Communications grants stock options to the Company's officers and other key employees on behalf of the Company. Clear Channel Communications accounts for its stock-based award plans in accordance with APB 25, and related interpretations, under which compensation expense is recorded to the extent that the current market price of the underlying stock exceeds the exercise price. Clear Channel Communications calculates the pro forma stock compensation expense as if the stock-based awards had been accounted for using the provisions of Statement 123, *Accounting for Stock-Based Compensation.* The stock compensation expense is then allocated to the Company based on the percentage of options outstanding to employees of the Company. The required pro forma disclosures, based on this allocated expense are as follows:

	The Six Months Ended June 30,	
	2005	2004
	(In thousands)	
Income (loss):		
Reported	$ 11,620	$ 2,859
Pro forma stock compensation expense, net of tax	(1,350)	(3,177)
Pro Forma	$ 10,270	$ (318)

Recent Accounting Pronouncements

In March 2005, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 47,*Accounting for Conditional Asset Retirement Obligations*("FIN 47"). FIN 47 is an interpretation of FASB Statement 143, *Asset Retirement Obligations,* which was issued in June 2001. According to FIN 47, uncertainty about the timing and (or) method of settlement because they are conditional on a future event that may or may not be within the control of the entity should be factored into the measurement of the asset retirement obligation when sufficient information exists. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005. Retrospective application of interim financial information is permitted, but is not required. The Company adopted FIN 47 on January 1, 2005, which did not materially impact the Company's financial position or results of operations.

In March 2005, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin No. 107*Share-Based Payment* ("SAB 107"). SAB 107 expresses the SEC staff's views regarding the interaction between Statement of Financial Accounting Standards No. 123(R) *Share-Based Payment* ("Statement 123(R)") and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. In particular, SAB 107 provides guidance related to share-based payment transactions with nonemployees, the transition from nonpublic to public entity status, valuation methods (including assumptions such as expected volatility and expected term), the accounting for certain redeemable financial instruments issued under share-based payment arrangements, the classification of compensation expense, non-GAAP financial measures, first time adoption of Statement 123(R) in an interim period, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements upon adoption of Statement 123(R) and the modification of employee share options prior to adoption of Statement 123(R). The Company is unable to quantify the impact of adopting SAB 107 and Statement 123(R) at this time because it will depend on levels of share-based payments granted in the future. Additionally, the Company is still evaluating the assumptions it will use upon adoption.

In April 2005, the SEC issued a press release announcing that it would provide for phased-in implementation guidance for Statement 123(R). The SEC would require that registrants that are not small business issuers adopt Statement 123(R)'s fair value method of accounting for share-based payments to employees no later than the beginning of the first fiscal year beginning after June 15, 2005. The Company intends to adopt Statement 123(R) on January 1, 2006.

In June 2005, the Emerging Issues Task Force ("EITF") issued EITF 05-6,*Determining the Amortization Period of Leasehold Improvements*("EITF 05-6"). EITF 05-6 requires that assets recognized under capital leases generally be amortized in a manner consistent with the lessee's normal depreciation policy except that the amortization period is limited to the lease term (which includes renewal periods that are reasonably assured). EITF 05-6 also addresses the determination of the amortization period for leasehold improvements that are purchased subsequent to the inception of the lease. Leasehold improvements acquired in a business combination or purchased subsequent to the inception of the lease should be amortized over the lesser of the useful life of the asset or the lease term that includes reasonably assured lease renewals as determined on the date of the acquisition of the leasehold improvement. The Company will adopt EITF 05-6 on July 1, 2005 and does not expect adoption to materially impact its financial position or results of operations.

Note 2: INTANGIBLE ASSETS AND GOODWILL

Definite-lived Intangibles

The Company has definite-lived intangible assets which consist primarily of transit and street furniture contracts and other contractual rights, all of which are amortized over the respective lives of the agreements. Other definite-lived intangible assets are amortized over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows. The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at June 30, 2005 and December 31, 2004:

	June 30, 2005		December 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	(In thousands)			
Transit, street furniture, and other contractual rights	$ 644,122	$ 378,678	$ 688,373	$ 364,939
Other	56,680	45,997	57,093	46,243
Total	$ 700,802	$ 424,675	$ 745,466	$ 411,182

Total amortization expense from definite-lived intangible assets for the six months ended June 30, 2005 and for the year ended December 31, 2004 was $44.0 million and $67.1 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets:

	(In thousands)
2006	$ 71,745
2007	39,778
2008	20,316
2009	16,218
2010	11,113

As acquisitions and dispositions occur in the future and as purchase price allocations are finalized, amortization expense may vary.

Indefinite-lived Intangibles

The Company's indefinite-lived intangible assets consist of billboard permits. Billboard permits are issued in perpetuity by state and local governments and are transferable or renewable at little or no cost. Permits typically include the location for which the permit allows the Company the right to operate an advertising structure. The Company's permits are located on either owned or leased land. In cases where the Company's permits are located on leased land, the leases are typically from 10 to 30 years and renew indefinitely, with rental payments generally escalating at an inflation based index. If the Company loses its lease, the Company will typically obtain permission to relocate the permit or bank it with the municipality for future use.

The Company does not amortize its billboard permits. The Company tests these indefinite-lived intangible assets for impairment at least annually using the direct method. Under the direct method, it is assumed that rather than acquiring indefinite-lived intangible assets as a part of a going concern business, the buyer hypothetically obtains indefinite-lived intangible assets and builds a new operation with similar attributes from scratch. Thus, the buyer incurs start-up costs during the build-up phase which are normally associated with going concern value. Initial capital costs are deducted from the discounted cash flows model which results in value that is directly attributable to the indefinite-lived intangible assets.

Table of Contents

Under the direct method, the Company continues to aggregate its indefinite-lived intangible assets at the market level for purposes of impairment testing. The Company's key assumptions using the direct method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. This data is populated using industry normalized information representing an average station within a market.

Goodwill

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. The second step, used to measure the amount of the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments for the six-month period ended June 30, 2005:

	Domestic	International	Total
		(In thousands)	
Balance as of December 31, 2004	$ 397,377	$ 389,629	$ 787,006
Acquisitions	1,403	538	1,941
Foreign currency	—	(40,028)	(40,028)
Adjustments	(42)	(179)	(221)
Balance as of June 30, 2005	$ 398,738	$ 349,960	$ 748,698

Note 3: RESTRUCTURING

As a result of Clear Channel Communications' merger with Ackerley in June 2002, the Company recorded a $9.4 million accrual related to the restructuring of Ackerley's outdoor advertising operations. Of the $9.4 million, $5.3 million is related to severance and $4.1 million is related to lease terminations. The Ackerley corporate office closed in July 2002. At June 30, 2005, the accrual balance for this restructuring was $1.7 million. This restructuring has resulted in the actual termination of 19 employees. The Company recorded a liability in purchase accounting for Ackerley primarily related to severance for terminated employees and lease terminations as follows:

	Six Months Ended June 30, 2005	Year Ended December 31, 2004
	(In thousands)	
Severance and lease termination costs:		
Accrual at January 1	$ 1,927	$ 2,661
Adjustments to restructuring accrual	—	(377)
Payments charged against restructuring accrual	(249)	(357)
Ending balance of severance and lease termination accrual	$ 1,678	$ 1,927

The remaining restructuring accrual is comprised solely of lease termination, which will be paid over the next five years. There were no payments charged to the restructuring reserve related to severance during the six months ended June 30, 2005 or during the year ended December 31, 2004. The Company made adjustments to finalize the purchase price allocation for the Ackerley merger in 2003. All adjustments have been made. Any future potential excess reserves will be recorded as an adjustment to the purchase price.

In addition to the restructuring described above, the Company restructured its operations in Spain and France during 2004 and 2003, respectively. As a result of the Spain restructuring, the Company recorded a $4.1 million accrual in selling, general and administrative expenses; $2.2 million was related to severance and $1.9 million was related to consulting and other costs. As a result of the France restructuring, the Company recorded a $13.8 million accrual in selling, general and administrative expenses; $12.5 million was related to severance and $1.3 million was related to lease terminations and consulting costs. As of June 30, 2005, the aggregate accrual balance relating to the Spain and France restructuring was $2.6 million. It is expected that these accruals will be paid in the current year. It has been announced that these restructurings will result in the termination of 178 employees. As of June 30, 2005, 173 employees have been terminated.

Note 4: COMMITMENTS AND CONTINGENCIES

Certain agreements relating to acquisitions provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. The Company will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent payments, if performance targets are met, would not significantly impact the financial position or results of operations of the Company.

The Company is currently involved in certain other legal proceedings and, as required, has accrued an estimate of the probable costs for the resolution of these claims, inclusive of those discussed above. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings.

Note 5: RELATED PARTY TRANSACTIONS

The Company has an account that represents net amounts due to or from Clear Channel Communications, which is recorded as "Due from Clear Channel Communications" on the combined balance sheets. The account did not accrue interest during the six months ended June 30, 2005 and the year ended December 31, 2004 and is generally payable on demand. Included in the account is the net activity resulting from day-to-day cash management services provided by Clear Channel Communications. As a part of these services, the Company maintains collection bank accounts that are swept daily by Clear Channel Communications. In return, Clear Channel Communications funds the Company's controlled disbursement accounts as checks or electronic payments are presented for payment. At June 30, 2005 and December 31, 2004, the balance in "Due from Clear Channel Communications" was $319.5 million and $302.6 million, respectively.

The Company has issued two intercompany notes to Clear Channel Communications in the aggregate original principal amount of approximately $1.5 billion. The first intercompany note in the original principal amount of approximately $1.4 billion matures on December 31, 2017 and may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 10%. The second intercompany note in the original principal amount of approximately $73.0 million matures on December 31, 2017 and may be prepaid in whole at any time, or in part from time to time, and accrues interest at a per annum rate of 9%.

Clear Channel Communications has provided funding for certain of the Company's acquisitions of outdoor advertising net assets. The amounts funded by Clear Channel Communications for these acquisitions are recorded in "Owner's net investment," a component of owner's equity.

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS — (Continued)

The Company provides advertising space on its billboards for radio stations owned by Clear Channel Communications. For the six months ended June 30, 2005 and 2004 the Company recorded $5.4 million and $7.3 million, respectively, in revenue for these advertisements.

Clear Channel Communications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) human resources and employee benefits services; (iii) legal and related services; (iv) information systems, network and related services; (v) investment services; (vi) corporate services; and (vii) procurement and sourcing support services. These services are charged to the Company based on actual direct costs incurred or allocated by Clear Channel Communications based on a seasonally adjusted headcount calculation. For the six months ended June 30, 2005 and 2004, the Company recorded $7.8 million and $8.2 million, respectively, as a component of corporate expenses for these services.

Clear Channel Communications owns the trademark and trade names used by the Company. Clear Channel Communications charges the Company a royalty fee based upon a percentage of annual revenue. Clear Channel Communications used a third party valuation firm to assist in the calculation of the royalty fee. For the six months ended June 30, 2005 and 2004, the Company recorded $6.3 million and $6.2 million, respectively of royalty fees in "Other income (expense) — net."

The operations of the Company are included in a consolidated federal income tax return filed by Clear Channel Communications. The Company's provision for income taxes has been computed on the basis that the Company files separate consolidated income tax returns with its subsidiaries. Tax payments are made to Clear Channel Communications on the basis of the Company's separate taxable income. Tax benefits recognized on employee stock options exercises are retained by Clear Channel Communications.

The Company computes its deferred income tax provision using the liability method in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes,* as if the Company was a separate taxpayer. Deferred tax assets and liabilities are determined based on differences between financial reporting bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if the Company believes it is more likely than not that some portion or all of the asset will not be realized.

NOTES TO UNAUDITED INTERIM COMBINED FINANCIAL STATEMENTS — (Continued)

Note 6: SEGMENT DATA

The Company has two reportable segments, which it believes best reflects how the Company is currently managed — domestic and international.

	Domestic	International	Corporate	Combined
		(In thousands)		
Six months ended June 30, 2005				
Revenue	$ 568,944	$ 694,524	$ —	$ 1,263,468
Direct operating expenses	328,374	587,299	—	915,673
Selling, general and administrative expenses				
Depreciation and amortization	86,091	108,737	—	194,828
Corporate expenses	—	—	26,398	26,398
Operating income	$ 154,479	$ (1,512)	$ (26,398)	$ 126,569
Identifiable assets	$ 3,412,442	$ 1,679,928	$ —	$ 5,092,370
Capital expenditures	$ 33,281	$ 44,602	$ —	$ 77,883
Six months ended June 30, 2004				
Revenue	$ 514,603	$ 646,539	$ —	$ 1,161,142
Direct operating expenses	304,519	539,479	—	843,998
Selling, general and administrative expenses				
Depreciation and amortization	94,173	98,383	—	192,556
Corporate expenses	—	—	26,537	26,537
Operating income	$ 115,911	$ 8,677	$ (26,537)	$ 98,051
Identifiable assets	$ 3,512,935	$ 1,682,054	$ —	$ 5,194,989
Capital expenditures	$ 22,759	$ 54,141	$ —	$ 76,900

Revenue of $29.3 million and $25.2 million and identifiable assets of $44.2 million and $26.6 million derived from the Company’s foreign operations are included in the Domestic data above for the six months ended June 30, 2005 and 2004, respectively.

Note 7: SUBSEQUENT EVENTS

In July, 2005 the Company increased its investment in Clear Media Limited, a Chinese outdoor advertising company, to over 50%. As a result, the Company will no longer account for this investment under the equity method, but rather will begin consolidating the results of Clear Media Limited beginning in the third quarter of 2005.

On July 27, 2005, the Company announced to the trade union representatives and to employees a draft plan to restructure its operations in France. In connection with the restructuring, the Company expects to record approximately $25.0 million in restructuring costs, including employee termination and other costs, as a component of selling, general and administrative expenses during the third quarter of 2005.

On August 2, 2005, a wholly-owned subsidiary of the Company entered into a $2.5 billion intercompany note payable to the Company which was subsequently distributed as a dividend in a series of transfers to Clear Channel Communications. This note accrues interest based upon Clear Channel Communications’ weighted average cost of funds. This note will mature on August 2, 2010.

Table of Contents

The following report is in the form that will be signed upon the completion of the transaction described in the Basis of Presentation discussed in Note A to the financial statements.

/s/ Ernst & Young

San Antonio, Texas
September 22, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENT SCHEDULE

We have audited the combined balance sheets of Clear Channel Outdoor Holdings, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related combined statements of operations, changes in owner's equity, and cash flows for each of the three years in the period ended December 31, 2004, and have issued our report thereon dated August 4, 2005, except as to Basis of Presentation of Note A, as to which date is   , 2005 (included elsewhere in this Registration Statement). Our audits also included the financial statement Schedule II in this Registration Statement. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

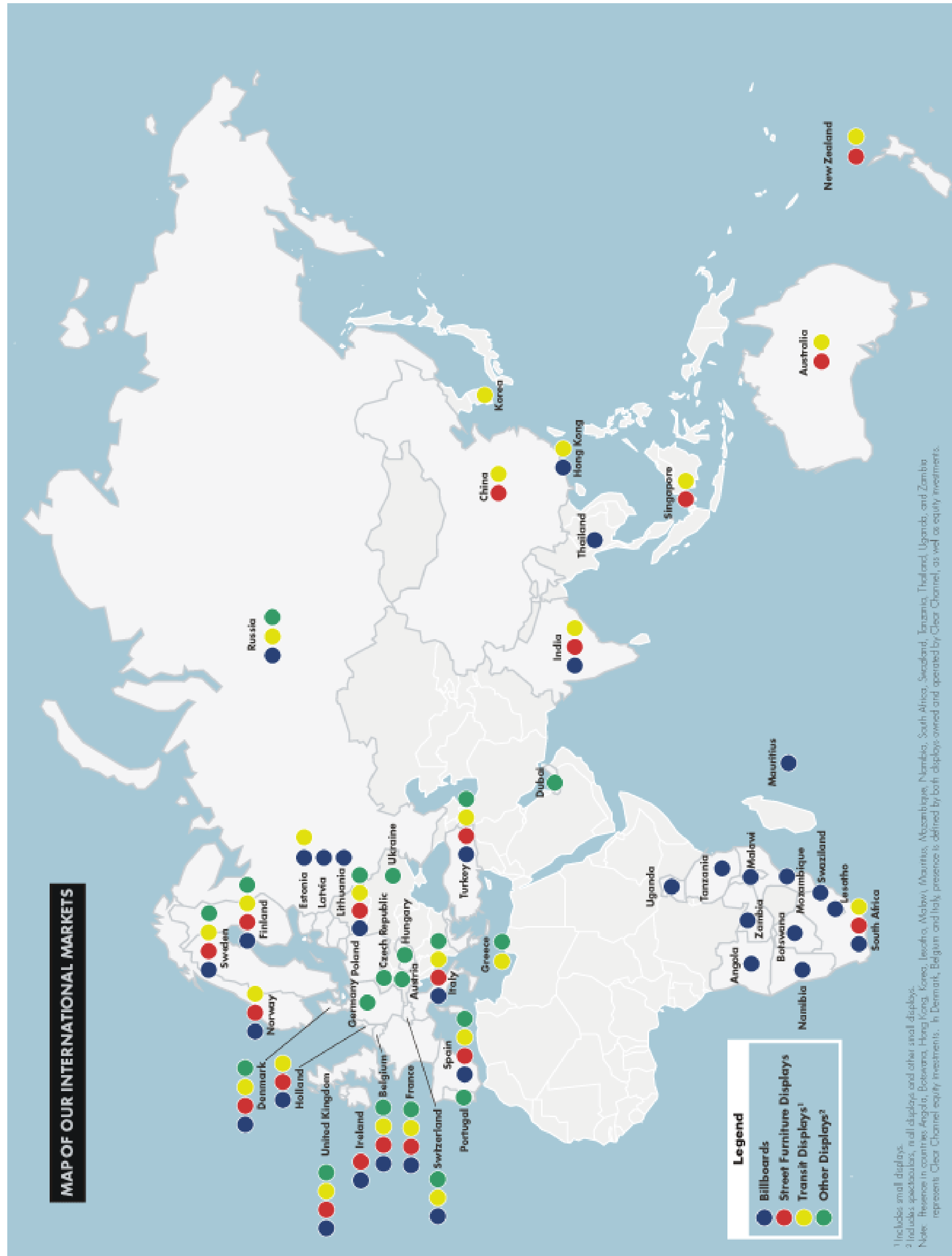
San Antonio, Texas
August 4, 2005

Schedule II — Valuation and Qualifying Accounts
Allowance for Doubtful Accounts
(In thousands)

Description	Balance at Beginning of period	Charges to Costs, Expenses and other	Write-off of Accounts Receivable	Other(1)	Balance at end of Period
Year ended December 31, 2002	$ 13,751	$ 17,588	$ 13,296	$ 776	$ 18,819
Year ended December 31, 2003	$ 18,819	$ 6,996	$ 12,311	$ 2,209	$ 15,713
Year ended December 31, 2004	$ 15,713	$ 8,731	$ 6,112	$ 1,155	$ 19,487

(1) Foreign currency adjustments.

Table of Contents



See inside front cover for a map of our domestic markets.

Shares

Class A Common Stock

PROSPECTUS

, 2005

Global Coordinator & Senior Bookrunner

Goldman, Sachs & Co.

Joint Bookrunners

Deutsche Bank Securities

JPMorgan

Merrill Lynch & Co.

UBS Investment Bank

Banc of America Securities LLC

Bear, Stearns & Co. Inc.

Credit Suisse First Boston

Allen & Company LLC **Barrington Research**

Harris Nesbitt **SunTrust Robinson Humphrey** **Wachovia Securities**

Until (25 days after the commencement of this offering), all dealers effecting transactions in our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. ***Other Expenses of Issuance and Distribution.***

The estimated expenses paid by Clear Channel Outdoor Holdings, Inc. (the "Company") in connection with the issuance and distribution of the Class A common stock being registered on this Form S-1, other than underwriting discounts and commission, are as follows:

Securities and Exchange Commission registration fee	$	41,195
New York Stock Exchange fees		250,000
Blue sky fees and expenses		*
Printing and engraving fees		*
Accounting fees and expenses		*
Legal fees and expenses		*
Transfer agent and registrar fees		*
NASD filing fees		*
Miscellaneous fees and expenses		*
Total	$	*

* To be filed by amendment

Item 14. ***Indemnification of Directors and Officers.***

Section 145 of the General Corporation Law of the State of Delaware provides as follows:

(a) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(b) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the

Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

As permitted by the Delaware General Corporation Law, we have included in our amended and restated certificate of incorporation a provision to eliminate the personal liability of our directors for monetary damages for breach of their fiduciary duties as directors, subject to certain exceptions. In addition, our amended and restated certificate of incorporation and bylaws provide that we are required to indemnify our officers and directors under certain circumstances, including those circumstances in which indemnification would otherwise be discretionary, and we are required to advance expenses to our officers and directors as incurred in connection with proceedings against them for which they may be indemnified.

The underwriting agreement provides that the underwriters are obligated, under certain circumstances, to indemnify our directors, officers and controlling persons against certain liabilities, including liabilities under the Securities Act. Reference is made to the form of underwriting agreement filed as Exhibit 1.1 hereto.

The Master Agreement by and between the company and Clear Channel Communications provides for indemnification by the company of Clear Channel Communications and its directors, officers and employees for certain liabilities, including liabilities under the Securities Act.

We maintain directors and officers liability insurance for the benefit of our directors and officers.

Item 15. ***Recent Sales of Unregistered Securities.***

Not applicable.

Item 16. ***Exhibits and Financial Statement Schedules.***

(a) *Exhibits*

Exhibit Number	Exhibit Title
1.1*	Form of Underwriting Agreement.
3.1***	Form of Amended and Restated Certificate of Incorporation of Clear Channel Outdoor Holdings, Inc.
3.2***	Form of Amended and Restated Bylaws of Clear Channel Outdoor Holdings, Inc.
4.1*	Form of Specimen Class A Common Stock certificate of Clear Channel Outdoor Holdings, Inc.
4.2*	Form of Specimen Class B Common Stock certificate of Clear Channel Outdoor Holdings, Inc.
5.1*	Opinion of Fulbright & Jaworski L.L.P.
10.1***	Form of Master Agreement between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.2**	Form of Registration Rights Agreement between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.3*	Form of Corporate Services Agreement between Clear Channel Outdoor Holdings, Inc. and Clear Channel Management Services, L.P.
10.4***	Form of Tax Matters Agreement by and between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.5***	Form of Employee Matters Agreement between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.6*	Form of Trademark License Agreement between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.7**	Subordinated Promissory Note effective January 1, 2003, in the original principal amount of $1.39 billion.

Exhibit Number	Exhibit Title
10.8**	Subordinated Promissory Note effective January 1, 2003, in the original principal amount of $73.0 million.
10.9**	Senior Unsecured Term Promissory Note dated August 2, 2005 in the original principal amount of $2.5 billion.
10.10***	First Amendment to Senior Unsecured Term Promissory Note dated October 7, 2005.
10.11***	Form of 2005 Stock Incentive Plan of Clear Channel Outdoor Holdings, Inc.
10.12***	Form of 2006 Annual Incentive Plan of Clear Channel Outdoor Holdings, Inc.
10.13**	Amended and Restated Employment Agreement by and between Clear Channel Communications, Inc. and Mark P. Mays dated March 10, 2005 (incorporated herein by reference to Exhibit 10.15 to the Clear Channel Communications, Inc. Form 10-K (Commission File No. 1-9645) filed March 11, 2005).
10.14**	Amended and Restated Employment Agreement by and between Clear Channel Communications, Inc. and Randall T. Mays dated March 10, 2005 (incorporated herein by reference to Exhibit 10.16 to the Clear Channel Communications, Inc. Form 10-K (Commission File No. 1-9645) filed March 11, 2005).
10.15**	Employment Agreement by and between Clear Channel Outdoor Holdings, Inc. and Paul J. Meyer dated August 5, 2005 (incorporated herein by reference to Exhibit 10.1 to the Clear Channel Communications, Inc. Form 8-K (Commission File No. 1-9645) filed August 10, 2005).
21.1***	Subsidiaries of Clear Channel Outdoor Holdings, Inc.
23.1***	Form of Consent of Auditor.
23.2*	Consent of Fulbright & Jaworski L.L.P. (included in Exhibit 5.1).
24.1**	Powers of Attorney.
99.2**	Consent of Prospective Director of Marsha M. Shields dated September 21, 2005.
99.3**	Consent of Prospective Director of Dale W. Tremblay dated September 22, 2005.
99.4**	Consent of Prospective Director of William D. Parker dated September 22, 2005.

* To be filed by amendment

** Previously filed

*** Filed herewith

(b) *Financial Statement Schedules*

Schedule II — Valuation and Qualifying Accounts

Item 17. ***Undertakings.***

The undersigned Registrant hereby undertakes:

(1) That for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) That for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(4) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 3 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Antonio and State of Texas on October 13, 2005.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
(Registrant)

By: /s/ Randall T. Mays

Randall T. Mays
Executive Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment No. 3 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
* Mark P. Mays	Chief Executive Officer and Director (Principal Executive Officer)	October 13, 2005
/s/ Randall T. Mays Randall T. Mays	Executive Vice President, Chief Financial Officer and Director (Principal Financial and Accounting Officer)	October 13, 2005
* L. Lowry Mays	Director	October 13, 2005

*By: /s/ Randall T. Mays

Randall T. Mays
As Attorney-in-Fact

EXHIBIT LIST

Exhibits and Financial Statements Schedules.

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99.4**	Consent of Prospective Director of William D. Parker dated September 22, 2005.

* To be filed by amendment

** Previously filed

*** Filed herewith

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the Corporation is Clear Channel Outdoor Holdings, Inc. The Corporation was originally incorporated under the name "Eller Media Company" and the original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on August 11, 1995. An amendment to the original Certificate of Incorporation changing the Corporation's name to "EMC Group, Inc." was filed with the Secretary of State of the State of Delaware on December 12, 1995. Another amendment to the Certificate of Incorporation, as amended, changing the Corporation's name to "Eller Media Corporation" was filed with the Secretary of State of the State of Delaware on October 29, 1996. A further amendment to the Certificate of Incorporation, as amended, changing the Corporation's name to "Clear Channel Outdoor Holdings, Inc." was filed with the Secretary of State of the State of Delaware on ____________________, 2005.

2. This Amended and Restated Certificate of Incorporation (this "Certificate of Incorporation") was duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware. Pursuant to Sections 242 and 228 of the General Corporation Law of the State of Delaware, the amendments and restatement herein set forth have been duly adopted by the Board of Directors and the sole stockholder of the Corporation.

3. Pursuant to Section 245 of the General Corporation Law of the State of Delaware, this Certificate of Incorporation amends and integrates and restates the provisions of the Certificate of Incorporation of this Corporation.

The text of this Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

NAME

The name of the corporation (which is hereinafter referred to as the "Corporation") is:

Clear Channel Outdoor Holdings, Inc.

ARTICLE II

REGISTERED OFFICE AND AGENT

The address of the Corporation's registered office in the State of Delaware is Corporation Service Company, 1013 Centre Road, Wilmington, County of New Castle, Delaware 19805. The name of the Corporation's registered agent at such address is Corporation Service Company.

ARTICLE III

PURPOSE

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be organized and incorporated under the General Corporation Law of the State of Delaware.

ARTICLE IV

CAPITAL STOCK

SECTION 1. The Corporation shall be authorized to issue [__________] shares of capital stock, of which (1) [__________] shares shall be shares of Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), (2) [__________] shares shall be shares of Class B Common Stock, par value $.01 per share (the "Class B Common Stock") (the Class A Common Stock and the Class B Common Stock being collectively referred to herein as the "Common Stock"), and (3) [__________] shares shall be shares of Preferred Stock, par value $.01 per share (the "Preferred Stock").

Without regard to any other provision of this Certificate of Incorporation (including, without limitation, all of the other provisions of this ARTICLE IV), each share of Common Stock, $.01 par value, either issued and outstanding, or held by the Corporation as treasury stock, immediately prior to the time this amendment becomes effective ("Original Common Stock"), shall be and is hereby automatically reclassified as and changed (without any further act) into one (1) fully-paid and nonassessable share of Class B Common Stock, par value $.01 per share.

SECTION 2. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized by resolution or resolutions to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the voting powers, if any, designations, preferences and the relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of any such series, and to fix the number of shares constituting such series, and to increase or decrease the number of shares of any such series (but not below the number of shares thereof then outstanding). The authority of the Board of Directors with respect to each series of Preferred Stock shall include, but not be limited to, determination of the following:

(1) the designation of the series, which may be by distinguishing number, letter or title;

(2) the number of shares of the series, which number the Board of Directors may thereafter increase or decrease (but not below the number of shares thereof then outstanding);

(3) whether dividends, if any, shall be cumulative or noncumulative and the dividend rate of the series;

(4) dates at which dividends, if any, shall be payable;

(5) the redemption rights and price or prices, if any, for shares of the series;

(6) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(7) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(8) whether the shares of the series shall be convertible into shares of any other class or series, or any other security, of the Corporation or any other entity, and, if so, the specification of such other class or series of such other security, the conversion price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible and all other terms and conditions upon which such conversion may be made;

(9) restrictions on the issuance of shares of the same series or of any other class or series; and

(10) the voting rights, if any, of the holders of shares of the series.

SECTION 3. The following is a statement of the voting powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions of the Class A Common Stock and Class B Common Stock:

(1) Except as otherwise set forth below in this ARTICLE IV, the voting powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations or restrictions of the Class A Common Stock and Class B Common Stock shall be identical in all respects.

(2) Subject to the other provisions of this Certificate of Incorporation and the provisions of any Certificate of Designations (as defined in ARTICLE XII), the holders of Common Stock shall be entitled to receive such dividends and other distributions, in cash, stock of any entity or property of the Corporation, when and as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor, and shall share equally on a per share basis in all such dividends and other distributions. No such dividend or distribution that is payable in shares of Common Stock, including distributions pursuant to stock splits or divisions of Common Stock, may be made

unless: (a) shares of Class A Common Stock are paid or distributed only in respect of Class A Common Stock, (b) shares of Class B Common Stock are paid or distributed only in respect of Class B Common Stock, (c) no such dividend or distribution is made in respect of the Class A Common Stock unless simultaneously also made in respect of the Class B Common Stock, (d) no such dividend or distribution is made in respect of the Class B Common Stock unless simultaneously also made in respect of the Class A Common Stock and (e) the number of shares of Class A Common Stock paid or distributed in respect of each outstanding share of Class A Common Stock is equal to the number of shares of Class B Common Stock paid or distributed in respect of each outstanding share of Class B Common Stock. Neither the Class A Common Stock nor the Class B Common Stock may be reclassified, subdivided or combined unless such reclassification, subdivision or combination occurs simultaneously and in the same proportion for each class.

(3) (a) Except as may be otherwise required by law or by this Certificate of Incorporation and subject to any voting rights that may be granted to holders of Preferred Stock pursuant to the provisions of a Certificate of Designations, all rights to vote and all voting power of the capital stock of the Corporation, whether for the election of directors or any other matter submitted to a vote of stockholders of the Corporation, shall be vested exclusively in the holders of Common Stock.

(b) At every meeting of the stockholders of the Corporation, in connection with the election of directors and on all other matters submitted to a vote of stockholders of the Corporation, (i) every holder of Class A Common Stock shall be entitled to one vote in person or by proxy for each share of Class A Common Stock standing in such holder's name on the transfer books of the Corporation, and (ii) every holder of Class B Common Stock shall be entitled to 20 votes in person or by proxy for each share of Class B Common Stock standing in such holder's name on the transfer books of the Corporation. Except as may be otherwise required by law or by this Certificate of Incorporation, the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class in connection with the election of directors and on all other matters submitted to a vote of stockholders of the Corporation, and the votes cast in respect of the Class A Common Stock and the Class B Common Stock shall be counted and totaled together.

(c) Every reference in this Certificate of Incorporation to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Common Stock, Class A Common Stock, or Class B Common Stock shall refer to such majority or other proportion of the votes to which such shares of Common Stock, Class A Common Stock or Class B Common Stock entitle their holders to cast as provided in this Certificate of Incorporation.

(4) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the

amounts required to be paid to the holders of Preferred Stock pursuant to the provisions of a Certificate of Designations, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Common Stock, and the holders of Class A Common Stock and the holders of Class B Common Stock will be entitled to receive the same amount per share in respect thereof. For purposes of this paragraph (4), the voluntary sale, conveyance, lease, license, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other entities (whether or not the Corporation is the entity surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

(5) Except as otherwise approved by the prior affirmative vote or written consent of the holders of a majority of the outstanding shares of Class A Common Stock and the holders of a majority of the outstanding shares of Class B Common Stock, each voting or consenting as a separate class, in connection with any reorganization of the Corporation, any consolidation of the Corporation with one or more other entities or any merger of the Corporation with or into another entity in which shares of Class A Common Stock or Class B Common Stock are reclassified, converted or changed into, or entitle their holder to receive in respect thereof, any shares of stock or other securities of the Corporation or any other entity and/or other property or cash (collectively, "Consideration"), (a) each holder of a share of Class A Common Stock shall be entitled to receive, with respect to such share of Class A Common Stock, the same kind and amount of Consideration receivable by a holder of a share of Class B Common Stock with respect to a share of Class B Common Stock, (b) each holder of a share of Class B Common Stock shall be entitled to receive, with respect to such share of Class B Common Stock, the same kind and amount of Consideration receivable by a holder of a share of Class A Common Stock with respect to a share of Class A Common Stock, and (c) if any holder of Common Stock is granted the right to elect to receive one of two or more alternative kinds, amounts and/or combinations of Consideration, all holders of Common Stock shall be granted substantially identical election rights.

(6) The shares of Class A Common Stock are not convertible into any other security of the Company or any other property. The shares of Class B Common Stock are convertible as provided in the following provisions of this paragraph (6).

(a) Each record holder of shares of Class B Common Stock (excluding a Corporation Entity) may convert any or all of such shares into an equal number of shares of Class A Common Stock by delivering to the Corporation the certificates for such shares together with a written notice, executed by such record holder, stating that such record holder desires to convert such shares of Class B Common Stock into the same number of shares of Class A Common Stock. If such conversion is requested in connection with a sale or other disposition of Common Stock, such written notice shall also request that the Corporation issue such shares of Class A Common Stock to the transferee or transferees named therein, setting

forth the number of shares of Class A Common Stock to be issued to each such transferee and the denominations in which the certificates therefor are to be issued. To the extent permitted by law, such voluntary conversion shall be deemed to have been effected at the close of business on the date of such surrender.

(b) Effective immediately upon any transfer (as defined in ARTICLE XII) of a share of Class B Common Stock, other than pursuant to a Permitted Transfer (as defined in paragraph (7)(c) below), such transferred share of Class B Common Stock shall automatically be converted into one share of Class A Common Stock, without any further action on the part of the Corporation, the transferor, the transferee or any other person or entity, and, upon such transfer, the certificate formerly representing the shares of Class B Common Stock transferred shall, to the extent of such transfer, represent instead an equal number of shares of Class A Common Stock.

(c) As promptly as practicable after the effective date of any conversion of shares of Class B Common Stock into shares of Class A Common Stock, and the surrender of the certificate representing the shares so converted, the Corporation shall issue and deliver to the record holder of such certificate or the transferee or transferees of such record holder, as applicable, a certificate or certificates representing the number of shares of Class A Common Stock to which such holder or transferee is entitled. Upon conversion of less than all of the shares of Class B Common Stock represented by a certificate surrendered for conversion, the Corporation will issue and deliver to the record holder thereof a new certificate for the number of shares of Class B Common Stock represented by the certificate surrendered and not so converted.

(d) If the date on which any share of Class B Common Stock is converted into Class A Common Stock pursuant to the provisions of this paragraph (6) is after the record date for the determination of the holders of Class B Common Stock entitled to receive any dividend and prior to the date on which such dividend is to be paid to such holders, the holder of the Class A Common Stock issued upon the conversion of such converted share of Class B Common Stock will be entitled to receive such dividend on such payment date, *provided*, *however*, that to the extent that such dividend is payable in shares of Class B Common Stock, no such shares of Class B Common Stock shall be issued in payment thereof and such dividend shall instead be paid by the issuance of such number of shares of Class A Common Stock into which such shares of Class B Common Stock, if issued, would have been convertible on such payment date.

(e) The Corporation will not be required to pay any documentary, stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Class A Common Stock upon the conversion of shares of Class B Common Stock pursuant to this paragraph (6), and no such issue or delivery shall be made unless and until the record holder requesting such issue has paid to the

Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(f) The Corporation shall not reissue or resell any shares of Class B Common Stock that are converted into shares of Class A Common Stock pursuant to this paragraph (6) or that are acquired by the Corporation in any other manner. The Corporation shall, from time to time, take such appropriate action as may be necessary to retire such shares and to reduce the authorized number of shares of Class B Common Stock accordingly.

(g) The Corporation shall at all times reserve and keep available, out of its authorized but unissued Common Stock, such number of shares of Class A Common Stock as would become issuable upon the conversion of all of the shares of Class B Common Stock then outstanding.

(7) The shares of Common Stock may be transferred only in accordance with the provisions of this paragraph (7).

(a) Shares of Class A Common Stock may be transferred by the record holder thereof to any other person or entity without any restriction imposed by this Certificate of Incorporation.

(b) Shares of Class B Common Stock may not be transferred except in a Permitted Transfer. A holder of Class B Common Stock that desires to transfer any of such holder's interest therein, in a transaction that is not a Permitted Transfer, must first convert such Class B Common Stock into Class A Common Stock pursuant to paragraph (6) above and thereafter transfer such Class A Common Stock as permitted by paragraph (7)(a) above. In the event of a transfer of Class B Common Stock in a transaction that is not a Permitted Transfer, such Class B Common Stock shall be converted into an equal number of shares of Class A Common Stock, as provided by paragraph (6)(b) above.

(c) Shares of Class B Common Stock may be transferred without any restriction imposed by this Certificate of Incorporation in any one or more of the following transactions (each, a "Permitted Transfer"):

(i) a transfer of shares of Class B Common Stock by a Clear Channel Entity to any other Clear Channel Entity;

(ii) a transfer of shares of Class B Common Stock by Clear Channel to the stockholders of Clear Channel in connection with the Tax-Free Spin-Off;

(iii) an unforeclosed pledge of shares of Class B Common Stock by the holder thereof made to secure a bona fide obligation*provided*, *however*, that no further transfer of any interest in such shares to the pledgee or to any other person or entity, whether upon foreclosure of such pledge or otherwise, may occur (in the absence

of the conversion of such pledged shares of Class B Common Stock into shares of Class A Common Stock pursuant to paragraph (6) above) unless such further transfer is otherwise a Permitted Transfer;

(iv) a transfer of shares of Class B Common Stock by a holder thereof that is not a natural person to (A) a wholly-owned subsidiary of such holder, (B) any person or entity that holds, directly or indirectly, all of the capital stock of such holder or (C) a wholly-owned subsidiary of a person or entity described in clause (B); or

(v) a transfer of shares of Class B Common Stock by a holder thereof who is a natural person to (A) the members of the immediate family of such holder or a trust existing for the benefit of such holder and/or such family members; or (B) the estate of such holder or a successor in interest of a holder, including the executor, administrator or personal representative of such holder's estate or the heirs, legatees or any other persons who have succeeded, by operation of law, to such holder's shares of Class B Common Stock if there is no executor, administrator or personal representative then serving who has control over such shares.

For purposes of this paragraph (7)(c), "affiliate" shall have the meaning ascribed to such term by Rule 12b-2 under the Securities Exchange Act of 1934, as amended.

(d) Shares of Common Stock shall be transferred on the books of the Corporation and a new certificate therefor issued, upon presentation at the office of the Secretary of the Corporation (or at such additional place or places as may from time to time be designated by the Secretary or any Assistant Secretary of the Corporation) of the certificate for such shares, in proper form for transfer, and accompanied by all requisite stock transfer tax stamps and, with respect to a transfer of shares of Class B Common Stock, an affidavit setting forth sufficient facts to establish to the Corporation's reasonable satisfaction that such transfer is a Permitted Transfer. Any such affidavit shall be executed by the record holder thereof (or, with respect to a Permitted Transfer described in paragraph (7)(c)(v), by such successor in interest), and verified as of a date not earlier than five days prior to the date of delivery thereof (where such record holder is a corporation, partnership, limited liability company or trust, such verification shall be by an officer of the corporation, a general partner of the partnership, a manager or officer of the limited liability company or a trustee of the trust, as the case may be).

(e) If a record holder of shares of Class B Common Stock shall deliver a certificate for such shares, endorsed by such holder for transfer or accompanied by an instrument of transfer signed by such holder, to a person or entity who receives such shares in connection with a transfer that is not a Permitted Transfer,

then such person or entity, or any successive transferee of such certificate, may treat such endorsement or instrument as authorizing it, him or her on behalf of such record holder to convert such shares into shares of Class A Common Stock as provided in paragraph (6) above for the purpose of registering the transfer to itself, himself or herself of the shares of Class A Common Stock issuable upon such conversion, and to give on behalf of such record holder the written notice of conversion required by paragraph (6)(a) above, and may convert such shares of Class B Common Stock accordingly.

If the Corporation registers the transfer of shares of Class B Common Stock in a transaction that is not a Permitted Transfer and issued a new certificate representing such shares to any person or entity, such person or entity (or any successive transferee of such certificate) shall surrender such new certificate for cancellation, accompanied by the written notice of conversion required by paragraph (6)(a) above, in which case (A) such person, entity or transferee shall be deemed to have elected to treat the endorsement on (or instrument of transfer accompanying) the certificate so delivered by such former record holder as authorizing such person, entity or transferee on behalf of such former record holder to convert such shares and to give such notice, (B) the shares of Class B Common Stock registered in the name of such former record holder shall be deemed to have been surrendered for conversion for the purpose of the transfer to such person, entity or transferee of the shares of Class A Common Stock issuable upon conversion, and (C) the appropriate entries shall be made on the books of the Corporation to reflect such actions.

(f) No one other than those holders in whose names shares of Class B Common Stock become registered on the original stock ledger of the Corporation by reason of their record ownership of shares of Original Common Stock that are reclassified into shares of Class B Common Stock, or transferees or successive transferees who receive shares of Class B Common Stock in connection with a Permitted Transfer, shall by virtue of the acquisition of a certificate for shares of Class B Common Stock have the status of an owner or holder of shares of Class B Common Stock or be recognized as such by the Corporation or be otherwise entitled to enjoy for his or her own benefit the special rights and powers of a holder of shares of Class B Common Stock.

In the event that the Board of Directors of the Corporation (or any committee of the Board of Directors, or any officer of the Corporation, designated for the purpose by the Board of Directors) shall determine, upon the basis of facts not disclosed in any affidavit or other document accompanying the certificate for shares of Class B Common Stock when presented for transfer, that such shares of Class B Common Stock have been registered in violation of the provisions of this paragraph (7), or shall determine that a person or entity is enjoying for his, her or its own benefit the special rights and powers of shares of Class B Common Stock in violation of such provisions, then the Corporation shall take such action at law or in equity as is appropriate under the circumstances.

(8) Prior to the time at which the provisions of paragraph (7) shall terminate in accordance with paragraph (9), every certificate representing shares of Class B Common Stock shall bear a legend on the reverse thereof reading as follows:

> "The shares of Class B Common Stock represented by this certificate may not be transferred to any person or entity in connection with a transaction that is not a "Permitted Transfer," as such term is defined in Section 3, paragraph (7)(c) of ARTICLE IV of the Certificate of Incorporation of this Corporation. No person or entity who receives such shares in connection with a transfer (other than such a "Permitted Transfer") is entitled to own or to be registered as the record holder of such shares of Class B Common Stock, but the record holder of this certificate may at such time and in the manner set forth in Section 3, paragraph (6)(a) of ARTICLE IV of the Certificate of Incorporation convert such shares of Class B Common Stock into the same number of shares of Class A Common Stock for purposes of effecting the sale or other disposition of such shares of Class A Common Stock to any person or entity. Each holder of this certificate, by accepting the same, accepts and agrees to all of the foregoing."

Following the time at which the provisions of paragraph (7) terminate in accordance with paragraph (9), the Corporation shall promptly, at the request of any holder of a certificate representing shares of Class B Common Stock bearing such legend, reissue such certificate without such legend.

(9) The provisions of paragraph (6) providing for the optional or automatic conversion of shares of Class B Common Stock into shares of Class A Common Stock and the restrictions on the transfer of shares of Class B Common Stock set forth in paragraph (7) shall each and all terminate and be of no further force or effect on the effective date of the Tax-Free Spin-Off (as defined in ARTICLE XII) if, at least 10 calendar days prior to the date of such Tax-Free Spin-Off, Clear Channel provides the Corporation with a notice stating that the Board of Directors of Clear Channel has determined, which determination may be made in the sole and absolute discretion of the Board of Directors of Clear Channel, that such provisions shall terminate. For purposes of this paragraph (9), the effective date of the Tax-Free Spin-Off shall be deemed to be the date on which the shares of Class B Common Stock are distributed to stockholders of Clear Channel following receipt of an affidavit described in paragraph (7)(d) above with respect to the Permitted Transfer described in paragraph (7)(c)(ii) above.

(10) In connection with any conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to paragraph (6) above (whether optional or automatic), any transfer of shares of Common Stock pursuant to paragraph (7) above, or the making of any determination required by such paragraph (6), paragraph (7) or paragraph (9):

(a) the Corporation shall be under no obligation to make any investigation of facts unless an officer, employee or agent of the Corporation responsible for issuing shares of Class A Common Stock upon such conversion, for registering such transfer or for making such determination has substantial reason to believe, or unless the Board of Directors (or a committee of the Board of Directors designated for the purpose) determines that there is substantial reason to believe, that any affidavit or other document executed in connection therewith is incomplete or incorrect in any material respect or that an investigation into the facts relating thereto is otherwise warranted, in either of which events the Corporation shall make or cause to be made such investigation as it may deem necessary or desirable in the circumstances and have a reasonable time to complete such investigation; and

(b) neither the Corporation, nor any director, officer, employee or agent of the Corporation, shall be liable in any manner for any action taken or omitted to be taken in good faith to the fullest extent permitted by law.

SECTION 4. No stockholder shall be entitled to exercise any right of cumulative voting.

ARTICLE V

CORPORATE OPPORTUNITIES AND CONFLICTS OF INTEREST

SECTION 1. This ARTICLE V anticipates the possibility that (1) the Corporation will not be a wholly-owned subsidiary of Clear Channel and that Clear Channel may be a controlling, majority or significant stockholder of the Corporation, (2) certain Clear Channel Officials may also serve as Corporation Officials, (3) the Corporation Entities and the Clear Channel Entities may, from time to time, (a) engage in the same, similar or related activities or lines of business or other business activities that overlap or compete with those of the other and (b) have an interest in the same areas of corporate opportunities, and (4) benefits may be derived by the Corporation Entities through their continued contractual, corporate and business relations with the Clear Channel Entities. The provisions of this ARTICLE V shall, to the fullest extent permitted by law, define the conduct of certain affairs of the Corporation Entities and Corporation Officials as they may involve the Clear Channel Entities, and the powers, rights, duties and liabilities of the Corporation Entities and Corporation Officials in connection therewith. Capitalized terms used and not previously defined in this Certificate of Incorporation are defined, and shall have the meaning ascribed thereto, in ARTICLE XII.

SECTION 2. No contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) entered into between any Corporation Entity, on the one hand, and any Clear Channel Entity, on the other hand, before the Corporation ceased to be a wholly-owned subsidiary of Clear Channel shall be void or voidable or be considered unfair to the Corporation or any Corporation Affiliate for the reason that any Clear Channel Entity is a party thereto, or because any Clear Channel Official is a party thereto, or because any Clear Channel Official was present at or participated in any meeting of the Board of Directors, or committee thereof, of the Corporation, or the board of directors, or committee thereof, of any Corporation Affiliate, that authorized the contract, agreement, arrangement or transaction (or any

amendment, modification or termination thereof), or because his, her or their votes were counted for such purpose. No such contract, agreement, arrangement or transaction (or the amendment, modification or termination thereof) or the performance thereof by any Corporation Entity shall be considered to be contrary to any fiduciary duty owed to any of the Corporation Entities or to any of their respective stockholders by any Clear Channel Entity or by any Corporation Official (including any Corporation Official who may have been a Clear Channel Official) and each such Corporation Official shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation Entities, and shall be deemed not to have breached his or her duties of loyalty to the Corporation Entities and their respective stockholders, and not to have derived an improper personal benefit therefrom. No Corporation Official shall have or be under any fiduciary duty to any Corporation Entity or its stockholders to refrain from acting on behalf of any such Corporation Entity (or on behalf of any Clear Channel Entity if such Corporation Official is also a Clear Channel Official) in respect of any such contract, agreement, arrangement or transaction (or the amendment, modification, or termination thereof) or to refrain from performing any such contract, agreement, arrangement or transaction (or the amendment, modification or termination thereof) in accordance with its terms.

SECTION 3. The Corporation may from time to time enter into and perform, and cause or permit any Corporation Affiliate to enter into and perform, one or more agreements (or amendments or modifications to pre-existing agreements) with any one or more of the Clear Channel Entities pursuant to which any one or more Corporation Entities, on the one hand, and any one or more of the Clear Channel Entities, on the other hand, agree to engage in transactions of any kind or nature, and/or agree to compete, or to refrain from competing or to limit or restrict their competition, with each other (or with any one or more other Clear Channel Entities or Corporation Entities, respectively), including to allocate and to cause Corporation Officials and Clear Channel Officials (including any person who is both a Corporation Official and a Clear Channel Official) to allocate or refer opportunities between such Corporation Entities and Clear Channel Entities. To the fullest extent permitted by law, neither any such agreement, nor the performance thereof by any Corporation Entity or any Clear Channel Entity, shall be considered contrary to (1) any fiduciary duty that any Clear Channel Entity may owe to any Corporation Entity, or its stockholders, by reason of any Clear Channel Entity being, directly or indirectly, a controlling, majority or significant stockholder of any such Corporation Entity or participating in the control of any such Corporation Entity or (2) any fiduciary duty that any Corporation Official who is also a Clear Channel Official may owe to any Corporation Entity or its stockholders. To the fullest extent permitted by law, no Clear Channel Entity, by reason of being, directly or indirectly, a controlling, majority or significant stockholder of any Corporation Entity or participant in control of any Corporation Entity, shall have or be under any fiduciary duty to refrain from entering into any agreement or participating in any transaction referred to above, and no Corporation Official who is also a Clear Channel Official shall have or be under any fiduciary duty to any Corporation Entity, or its stockholders, to refrain from acting on behalf of any Corporation Entity or any Clear Channel Entity in respect of any such agreement or transaction or performing any such agreement in accordance with its terms.

SECTION 4. Except as otherwise agreed in writing between the Corporation and Clear Channel, the Clear Channel Entities shall, to the fullest extent permitted by law, have no duty to refrain from (1) engaging in the same or similar activities or lines of business as any Corporation Entity, (2) doing business with any client, customer or vendor of any Corporation Entity or (3)

employing or otherwise engaging or soliciting for such purpose, any officer, director or employee of any Corporation Entity. To the fullest extent permitted by law, no Clear Channel Entity shall be deemed to have breached its fiduciary duties, if any, to any Corporation Entity, or its stockholders, solely by reason of engaging in any activity described in such clauses (1) through (3). If any Clear Channel Entity is offered, or acquires knowledge, of a potential transaction or business opportunity that is or may be a corporate opportunity for any Corporation Entity, the Corporation, on behalf of itself and each Corporation Affiliate, to the fullest extent permitted by law, renounces any interest or expectancy in such potential transaction or business opportunity and waives any claim that such potential transaction or business opportunity constituted a corporate opportunity that should have been presented to any Corporation Entity. In the case of any potential transaction or business opportunity in which the Corporation has renounced its interest and expectancy in the previous sentence, the Clear Channel Entities shall, to the fullest extent permitted by law, not be liable to any Corporation Entity, or its stockholders, for breach of any fiduciary duty as a direct or indirect stockholder of any Corporation Entity by reason of the fact that any one or more of the Clear Channel Entities pursues or acquires such potential transaction or business opportunity for itself, directs such potential transaction or business opportunity to another person or entity, or otherwise does not communicate information regarding such potential transaction or business opportunity to the Corporation or any Corporation Affiliate.

SECTION 5. (1) If a Corporation Official who is also a Clear Channel Official is offered, or acquires knowledge, of a potential transaction or business opportunity that is or may be a corporate opportunity for any Corporation Entity, the Corporation, on behalf of itself and each Corporation Affiliate, to the fullest extent permitted by law except as provided in Section 5(3) of this ARTICLE V, renounces any interest or expectancy in such potential transaction or business opportunity and waives any claim that such potential transaction or business opportunity constituted a corporate opportunity that should have been presented to the Corporation or any such Corporation Affiliate.

(2) If a Corporation Official who is also a Clear Channel Official is offered, or acquires knowledge, of a potential transaction or business opportunity that is or may be a corporate opportunity for any Corporation Entity in any manner, such Corporation Official shall have no duty to communicate or present such potential transaction or business opportunity to the Corporation or any Corporation Affiliate and shall, to the fullest extent permitted by law, not be liable to any Corporation Entity, or its stockholders, for breach of any fiduciary duty as a Corporation Official including without limitation by reason of the fact that any one or more of the Clear Channel Entities pursues or acquires such potential transaction or business opportunity for itself, directs such potential transaction or business opportunity to another person or entity, or otherwise does not communicate information regarding such potential transaction or business opportunity to the Corporation or any Corporation Affiliate.

(3) Notwithstanding anything to the contrary in this Section 5, the Corporation does not renounce any interest or expectancy it may have in any corporate opportunity that is expressly offered to any Corporation Official in writing solely in his or her capacity as a Corporation Official.

SECTION 6. No amendment or repeal of this ARTICLE V shall apply to or have any effect on the liability or alleged liability of any Clear Channel Entity or Corporate Official for or with respect to any corporate opportunity that such Clear Channel Entity or Corporate Official was offered, or of which such Clear Channel Entity or Corporate Official acquired knowledge prior to such amendment or repeal.

SECTION 7. In addition to, and notwithstanding the foregoing provisions of this ARTICLE V, a potential transaction or business opportunity (1) that the Corporation Entities are not financially able, contractually permitted or legally able to undertake, or (2) that is, from its nature, not in the line of the Corporation Entities' business, is of no practical advantage to any Corporation Entity or that is one in which no Corporation Entity has any interest or reasonable expectancy, shall not, in any such case, be deemed to constitute a corporate opportunity belonging to the Corporation, or any Corporate Affiliate, and the Corporation, on behalf of itself and each Corporation Affiliate, to the fullest extent permitted by law, hereby renounces any interest therein.

SECTION 8. Anything in this Certificate of Incorporation to the contrary notwithstanding, the provisions of Sections 3, 4, 5, 6 and 7 of this ARTICLE V shall automatically terminate, expire and have no further force and effect from and after the date on which both (1) the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least 20% of the total voting power of the Voting Stock and (2) no Corporation Official is also a Clear Channel Official.

ARTICLE VI

BOARD OF DIRECTORS

SECTION 1. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors of the Corporation shall be fixed, and may be increased or decreased from time to time, exclusively by resolution adopted by a majority of the entire Board of Directors.

SECTION 2. Unless and except to the extent that the By-Laws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

SECTION 3. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be apportioned, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible and designated Class I, Class II and Class III. Class I shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2007, Class II shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2008, and Class III shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2009. Members of each class shall hold office until their successors are elected and qualified. At each succeeding annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. In case of any increase or decrease, from time to time, in the number of directors, other than those who

may be elected by the holders of any series of Preferred Stock under specified circumstances, the number of directors added to or eliminated from each class shall be apportioned so that the number of directors in each class thereafter shall be as nearly equal as possible.

SECTION 4. Except as otherwise provided by a Certificate of Designations, any director or the entire Board of Directors may be removed from office at any time with or without cause, but only by the affirmative vote of the holders of at least a majority of the total voting power of the Voting Stock; *provided, however*, that, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, any director or the entire Board of Directors may be removed from office only for cause and only by the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock.

SECTION 5. Except as otherwise provided by a Certificate of Designations, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the sole remaining director; *provided, however,* that, until the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, if such vacancy was caused by an action of the stockholders, such vacancy shall be filled only by the affirmative vote of the holders of at least a majority of the total voting power of the Voting Stock. Any director so chosen shall hold office until his or her successor shall be elected and qualified and, if the Board of Directors at such time is classified, until the next election of the class for which such director shall have been chosen. No decrease in the number of directors shall shorten the term of any incumbent director.

ARTICLE VII

BY-LAWS

In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized and empowered to adopt, amend and repeal the By-Laws of the Corporation at any regular or special meeting of the Board of Directors or by written consent, subject to the power of the stockholders of the Corporation to adopt, amend or repeal any By-Laws. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of the holders of a majority of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal any provision of the By-Laws, or to adopt any new By-Law; *provided, however,* that, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal, or adopt any By-Law inconsistent with, the following provisions of the By-Laws: Sections 2.1, 2.2, 2.4, 2.5,

2.6, 2.8, 2.9 and 2.11 of ARTICLE II; Sections 3.1, 3.2, 3.9 and 3.11 of ARTICLE III; Section 6.9 of ARTICLE VI; and Section 8.1 of ARTICLE VIII, or in each case, any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other By-Law).

ARTICLE VIII

AMENDMENT OF CERTIFICATE OF INCORPORATION

The Corporation reserves the right at any time from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, and any other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by law. All rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or any other persons or entities whomsoever by and pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the right reserved in this ARTICLE VIII. Notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of a majority of the total voting power of the Voting Stock, voting together as a single class, shall be required to amend, alter, change, repeal any provision of this Certificate of Incorporation, or to adopt any new provision of this Certificate of Incorporation; *provided, however,* that, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock, voting together as a single class, shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with, ARTICLE V, ARTICLE VI, ARTICLE VII, ARTICLE IX, ARTICLE X and this sentence of this Certificate of Incorporation, or in each case, any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other provision of this Certificate of Incorporation). Any repeal or modification of ARTICLE V or ARTICLE IX shall not adversely affect any right or protection of any person existing thereunder with respect to any act or omission occurring prior to such repeal or modification.

ARTICLE IX

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 1. Elimination of Certain Liability of Directors. A director of the Corporation shall not be personally liable to the Corporation, or its stockholders, for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the General Corporation Law of the State of Delaware as the same exists at the time of the alleged breach.

SECTION 2. Indemnification and Insurance.

(a) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a director or officer of the Corporation, or while a director or officer of the Corporation is or was serving, at the request of the Corporation, as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director or officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; *provided*, *however*, that the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section shall be a contract right. The Corporation may, by action of the Board of Directors, provide indemnification to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of director and officers.

(b) Non-Exclusivity of Rights. The right to indemnification conferred in this Section shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, By-Law, agreement, vote of stockholders or disinterested directors or otherwise.

(c) Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

ARTICLE X

STOCKHOLDER ACTION

Any action required or permitted to be taken by stockholders at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the

holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted; *provided*, *however*, that except as otherwise provided by a Certificate of Designations, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting.

Except as otherwise required by law or provided by a Certificate of Designations, special meetings of stockholders of the Corporation may be called only by (1) Clear Channel, so long as the Clear Channel Entities, collectively, are the beneficial owners of at least a majority of the total voting power of the Voting Stock, or (2) the Chairman of the Board of Directors or the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors and any other power of stockholders to call a special meeting is specifically denied. No business other than that stated in the notice of a special meeting of stockholders shall be transacted at such special meeting.

ARTICLE XI

SECTION 203 OF THE GENERAL CORPORATION LAW

The Corporation elects not to be governed by Section 203 of the General Corporation Law of the State of Delaware until the first date on which the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least 15% of the total voting power of the Voting Stock, at which date Section 203 of the General Corporation Law of the State of Delaware shall apply prospectively to the Corporation (such that any person or entity who or that, as of such date, would be an “interested stockholder” under Section 203 of the General Corporation Law of the State of Delaware shall not be deemed to be an “interested stockholder” until such later time as such person or entity acquires one or more additional shares of Common Stock).

ARTICLE XII

CERTAIN DEFINITIONS

For purposes of this Certificate of Incorporation:

(1) The terms “beneficial owner” and “beneficial ownership” shall have the meaning ascribed to such terms in Rule 13d-3 under the Securities Exchange Act of 1934, as amended, and shall be determined in accordance with such rule;

(2) the term “Certificate of Designations” shall mean the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock and the Certificate of Designations filed by the Corporation with respect thereto;

(3) the term “Clear Channel” shall mean Clear Channel Communications, Inc., a Texas corporation;

(4) the term “Clear Channel Affiliate” shall mean, other than the Corporation or any Corporation Affiliate, (a) any corporation, partnership, limited liability company, joint venture, association or other entity of which Clear Channel is the beneficial owner (directly or indirectly) of 20% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or (b) any other corporation, partnership, joint venture, association or other entity that is controlled by Clear Channel, controls Clear Channel or is under common control with Clear Channel;

(5) the term “Clear Channel Entity” shall mean any one or more of Clear Channel and the Clear Channel Affiliates;

(6) the term “Clear Channel Official” shall mean each person who is a director or an officer (or both) of Clear Channel and/or one or more Clear Channel Affiliates;

(7) the term “corporate opportunity” shall include, but not be limited to, business opportunities that (a) the Corporation or any Corporation Affiliate is financially able to undertake, (b) are, from their nature, in the line of the Corporation’s or any Corporation Affiliate’s business, and (c) are of practical advantage to the Corporation or any Corporation Affiliate and ones in which the Corporation or any Corporation Affiliate, but for the provisions of this ARTICLE V, would have an interest or a reasonable expectancy;

(8) the term “Corporation Affiliate” shall mean (a) any corporation, partnership, limited liability company, joint venture, association or other entity of which the Corporation is the beneficial owner (directly or indirectly) of 20% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or (b) any other corporation, partnership, joint venture, association or other entity that is controlled by the Corporation;

(9) the term “Corporation Entity” shall mean any one or more of the Corporation and the Corporation Affiliates;

(10) the term “Corporation Official” shall mean each person who is a director or an officer (or both) of the Corporation and/or one or more Corporation Affiliates;

(11) the term “Tax-Free Spin-Off” shall mean the distribution by Clear Channel of shares of Class B Common Stock to stockholders of Clear Channel in a transaction (including any distribution in exchange for shares of capital stock or securities of Clear Channel) intended to qualify as a tax-free distribution under Section 355 of the Internal Revenue Code of 1986, as amended;

(12) the term “transfer” shall mean any sale, assignment, pledge, hypothecation, transfer or other disposition or encumbrance of a share of the Corporation’s capital stock, or any beneficial interest therein; and

(13) the term “Voting Stock” shall mean all classes of the then outstanding capital stock of the Corporation entitled to vote generally in the election of directors.

For purpose of the foregoing definitions, the term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

IN WITNESS WHEREOF, Clear Channel Outdoor Holdings, Inc. has caused this Amended and Restated Certificate of Incorporation to be executed by [ ], its [ ], this [ ] day of [ ], 2005.

____
[Name]
[Title]

Exhibit 3.2

AMENDED AND RESTATED
BY-LAWS
OF
CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
Incorporated under the Laws of the State of Delaware

ARTICLE I

OFFICES AND RECORDS

SECTION 1.1 **Offices**. The Corporation may have such offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

SECTION 1.2 **Books and Records**. The books and records of the Corporation may be kept outside the State of Delaware at such place or places as may from time to time be designated by the Board of Directors.

ARTICLE II

STOCKHOLDERS

SECTION 2.1 **Annual Meeting**. The annual meeting of the stockholders of the Corporation shall be held on such date and at such place and time as may be fixed by resolution of the Board of Directors.

SECTION 2.2 **Special Meeting**. Except as otherwise required by law or provided by the resolution or resolutions adopted by the Board of Directors designating the rights, powers and preferences of any series of Preferred Stock and the Certificate of Designations filed by the Corporation with respect thereto (collectively, a "Certificate of Designations"), and except as set forth in the Corporation's Certificate of Incorporation, as amended or restated (the "Certificate of Incorporation"), special meetings of the stockholders may be called only by the Chairman of the Board of Directors (the "Chairman of the Board") or by the Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors.

SECTION 2.3 **Place of Meeting**. The Board of Directors or the Chairman of the Board, as the case may be, may designate the place of meeting for any annual meeting or for any special meeting of the stockholders called by the Board of Directors or the Chairman of the Board. If no designation is so made, the place of meeting shall be the principal executive office of the Corporation.

SECTION 2.4 **Notice of Meeting**. Written or printed notice, stating the place, if any, date and time of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting,

shall be delivered by the Corporation not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally, by mail or by other lawful means, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his or her address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present in accordance with Section 6.6 of these By-Laws. Any previously scheduled meeting of the stockholders may be postponed, and, unless the Certificate of Incorporation otherwise provides, any special meeting of the stockholders may be cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

SECTION 2.5 **Quorum and Adjournment**. Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the total voting power of all classes of the then-outstanding capital stock of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series of stock voting as a separate class or series, the holders of a majority of the then-outstanding shares of such class or series shall constitute a quorum of such class or series for the transaction of such business. Attendance of a person at a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened shall not constitute the presence of such person for the purposes of determining whether a quorum exists. The chairman of the meeting or the holders of shares representing a majority of the votes entitled to be cast by the holders of Voting Stock so present may adjourn the meeting from time to time, whether or not there is such a quorum. No notice of the time and place of adjourned meetings need be given except as required by law; *provided, however*, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, notice of the place, if any, date, and time of the adjourned meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting shall be given in conformity herewith. The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.6 **Conduct of Business**. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him or her in order. The chairman shall have the power to adjourn the meeting to another place, if any, date and time.

SECTION 2.7 **Proxies**. At all meetings of stockholders, a stockholder may vote by proxy executed in writing (or in such manner prescribed by the General Corporation Law of the State of Delaware) by the stockholder, or by his or her duly authorized attorney-in-fact. Such proxy must be filed with the Secretary or his or her representative at or before the time of the meeting at which such proxy will be voted. No proxy shall be valid after eleven (11) months

from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law.

SECTION 2.8 **Notice of Stockholder Business and Nominations**.

(A) *Annual Meetings of Stockholders*.

(1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the Corporation's notice of meeting, who is entitled to vote at the meeting and who complies with the notice procedures set forth in paragraph (A)(2) of this Section 2.8.

(2) For nominations of persons for election to the Board of Directors or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A)(1) of this Section 2.8, the stockholder must give timely notice thereof in writing to the Secretary, and such other business must otherwise be a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the close of business on the 120th day, nor later than the close of business on the 90th day, prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of any annual meeting is more than thirty (30) days before or more than thirty (30) days after such anniversary date, notice by the stockholder, to be timely, must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of (a) the close of business on the 90th day prior to such annual meeting and (b) the close of business on the 10th day following the day on which public announcement of the date of such meeting is first made by the Corporation. Except as provided in Section 2.5 of these By-Laws, the public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth (x) as to each person who the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in a solicitation of proxies for the election of directors in an election contest, or that is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and such nominated person's written consent to serve as a director if elected; (y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of Voting Stock that are owned beneficially and of record by such stockholder and by any such beneficial owner. For purposes of these By-Laws, the term "beneficial owner" and "beneficial ownership" shall have the meaning ascribed to such terms in Rule 13d-3 under the Exchange Act, and shall be determined in accordance with such rule.

(3) Notwithstanding anything in the second sentence of paragraph (A)(2) of this Section 2.8 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the Corporation's nominees for director or specifying the size of the increased Board of Directors at least 120 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice pursuant to this Section 2.8 shall also be considered timely, but only with respect to nominees for any new seats on the Board of Directors created by such increase, if it is delivered to the Secretary at the principal executive office of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(B) *Special Meetings of Stockholders.* No business other than that stated in the Corporation's notice of a special meeting of stockholders shall be transacted at such special meeting. If the business stated in the Corporation's notice of a special meeting of stockholders includes electing one or more directors to the Board of Directors, nominations of persons for election to the Board of Directors at such special meeting may be made (1) by or at the direction of the Board of Directors or (2) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the Corporation's notice of meeting, who is entitled to vote at the meeting and who gives timely notice thereof in writing to the Secretary. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive office of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of (a) the close of business on the 90th day prior to such special meeting and (b) the close of business on the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such stockholder's notice shall set forth (x) as to each person who the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that is required to be disclosed in a solicitation of proxies for the election of directors in an election contest, or that is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act, and such nominated person's written consent to serve as a director if elected; and (y) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and (ii) the class and number of shares of Voting Stock that are owned beneficially and of record by such stockholder and by any such beneficial owner. Except as provided in Section 2.5 of these By-Laws, the public announcement of an adjournment of an annual meeting shall not commence a new time period for the giving of a stockholder's notice as described above.

(C) *General*.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.8 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.8. Except as otherwise provided by law, the Certificate of Incorporation or these By-Laws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the

procedures set forth in this Section 2.8 and, if any proposed nomination or business was not made or proposed in compliance with this Section 2.8, to declare that such non-compliant proposal or nomination be disregarded.

(2) For purposes of this Section 2.8, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.8, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the nomination of persons for election to the Board of Directors or the proposal of business to be considered by the stockholders at a meeting of stockholders. Nothing in this Section 2.8 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors under specified circumstances.

(D) *Clear Channel*. Notwithstanding anything to the contrary contained in these By-Laws, until such time as the Clear Channel Entities (as defined below) cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, Clear Channel Communications, Inc., a Texas corporation ("Clear Channel"), shall be entitled to nominate persons for election to the Board of Directors and propose business to be considered by the stockholders at any meeting of stockholders without compliance with the notice requirements and procedures of this Section 2.8. "Clear Channel Entities" shall mean any one or more of (1) Clear Channel, (2) any corporation, partnership, joint venture, association or other entity of which Clear Channel is the beneficial owner (directly or indirectly) of 20% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests and (3) any other corporation, partnership, joint venture, association or other entity that is controlled by Clear Channel, controls Clear Channel or is under common control with Clear Channel; provided, however, that in no event shall "Clear Channel Entities" include (a) the Corporation, (b) any corporation, partnership, joint venture, association or other entity of which the Corporation is the beneficial owner (directly or indirectly) of 20% or more of the outstanding voting stock, voting power, partnership interests or similar voting interests or (c) any other corporation, partnership, joint venture, association or other entity that is controlled by the Corporation. For purposes of this definition of "Clear Channel Entities," the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract, or otherwise.

SECTION 2.9 **Procedure for Election of Directors; Required Vote**. Election of directors at all meetings of the stockholders at which directors are to be elected shall be by ballot, and, subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, a plurality of the votes cast thereat shall elect directors. Except as otherwise provided by law, the Certificate of Incorporation, any Certificate of Designations or these By-Laws, in all matters other than the election of directors, the affirmative vote of the

holders of at least a majority of the total voting power of the Voting Stock actually present in person or represented by proxy at the meeting and entitled to vote on the matter shall be the act of the stockholders. No stockholder shall be entitled to exercise any right of cumulative voting. Every reference in these By-Laws to a majority or other proportion of shares, or a majority or other proportion of the votes of shares, of Voting Stock (or any one or more classes or series of Voting Stock) shall refer to such majority or other proportion of the votes to which such shares of Voting Stock entitle their holders to cast as provided in the Certificate of Incorporation.

SECTION 2.10 **Inspectors of Elections; Opening and Closing the Polls**. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives, to act at the meetings of stockholders and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act or is able to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by law.

The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

SECTION 2.11 **Stockholder Action by Written Consent**. Any action required or permitted to be taken by stockholders at any annual or special meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of capital stock entitled to vote thereon were present and voted; *provided*, *however*, that except as otherwise provided by a Certificate of Designations, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, any action required or permitted to be taken by stockholders may be effected only at a duly called annual or special meeting of stockholders and may not be effected by a written consent or consents by stockholders in lieu of such a meeting. All written consents authorized by this Section 2.11 shall be delivered to the Corporation by delivery to its registered office, its principal place of business or the Secretary. Delivery made to a corporation’s registered office shall be by hand or by certified or registered mail, return receipt requested.

Prompt notice of the taking of any corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the Corporation as provided in this Section 2.11. In the event that the action that is consented to is such as would have required the filing of a certificate under the General Corporation Law of the State of

Delaware that such action had been voted on by stockholders or by members at a meeting thereof, the certificate filed shall state, in lieu of any statement concerning any vote of stockholders or members, that written consent has been given in accordance with the General Corporation Law of the State of Delaware.

SECTION 2.12 **Stock List**. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name, shall be open to the examination of any such stockholder for a period of at least 10 days prior to the meeting in the manner provided by law. The stock list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. So long the Clear Channel Entities collectively are the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, upon the request of Clear Channel, the stock list shall be provided to Clear Channel promptly.

ARTICLE III

BOARD OF DIRECTORS

SECTION 3.1 **General Powers**. The business and affairs of the Corporation shall be managed under the direction of the Board of Directors. In addition to the powers and authorities expressly conferred upon the Board of Directors by these By-Laws, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law, the Certificate of Incorporation or these By-Laws required to be exercised or done by the stockholders.

SECTION 3.2 **Number, Tenure and Qualifications**. Subject to the rights of the holders of any series of Preferred Stock to elect directors under specified circumstances, the number of directors shall be fixed, and may be increased or decreased from time to time, exclusively by a resolution adopted by a majority of the entire Board of Directors. The directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, shall be apportioned, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as is possible and designated Class I, Class II and Class III. Class I shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2007, Class II shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2008, and Class III shall be initially elected for a term expiring at the annual meeting of stockholders to be held in 2009. Members of each class shall hold office until their successors are elected and qualified. At each succeeding annual meeting of the stockholders of the Corporation, the successors of the class of directors whose term expires at that meeting shall be elected for a term expiring at the annual meeting of stockholders held in the third year following the year of their election. In case of any increase or decrease, from time to time, in the number of directors, other than those who may be elected by the holders of any series of Preferred Stock under specified circumstances, the number of directors added to or eliminated from each class shall be apportioned so that the number of directors in each class thereafter shall be as nearly equal as possible.

SECTION 3.3 **Regular Meetings**. Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

SECTION 3.4 **Special Meetings**. Special meetings of the Board of Directors shall be called by the Chairman of the Board, the Chief Executive Officer, a majority of the Board of Directors then in office or, until the Clear Channel Entities cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, Clear Channel. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

SECTION 3.5 **Notice**. Notice of any special meeting of directors shall be given to each director at his or her business or residence (as he or she may specify) in writing by hand delivery, first-class mail, overnight mail or courier service, confirmed facsimile transmission or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mail so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If given by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least twenty-four (24) hours before such meeting. If given by telephone, hand delivery or confirmed facsimile transmission or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least twenty-four (24) hours before such meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these By-Laws, as provided under Section 8.1. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in accordance with Section 6.6 of these By-Laws.

SECTION 3.6 **Action by Consent of Board of Directors**. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

SECTION 3.7 **Conference Telephone Meetings**. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors, or such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.8 **Quorum; Voting**. Subject to Section 3.9, at all meetings of the Board of Directors, the presence of a majority of the total number of directors shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, the directors present thereat may adjourn the meeting from time to time without further notice. Attendance of a director at a meeting for the express purpose of objecting,

at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened shall not constitute the presence of such director for the purposes of determining whether a quorum exists. The act of a majority of directors present at a meeting at which there is a quorum shall be the act of the Board of Directors.

SECTION 3.9 **Vacancies**. Except as otherwise provided by a Certificate of Designations, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the sole remaining director; provided, however, that, until the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, if such vacancy was caused by an action of the stockholders, such vacancy shall be filled only by the affirmative vote of the holders of at least a majority of the total voting power of the Voting Stock. Any director so chosen shall hold office until his or her successor shall be elected and qualified and, if the Board of Directors at such time is classified, until the next election of the class for which such director shall have been chosen. No decrease in the number of directors shall shorten the term of any incumbent director.

SECTION 3.10 **Committees of the Board of Directors**. The Board of Directors may from time to time designate committees of the Board of Directors, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board of Directors and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any committee and any alternate member in his or her place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; one-third (1/3) of the members shall constitute a quorum unless the committee shall consist of one (1) or two (2) members, in which event one (1) member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present.

No committee shall have the power or authority in reference to any of the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by General Corporation Law of the State of Delaware to be submitted to stockholders for approval or (b) altering, amending or repealing any By-Law, or adopting any new By-Law.

SECTION 3.11 **Removal**. Except as otherwise provided by a Certificate of Designations, any director or the entire Board of Directors may be removed from office at any

time with or without cause, but only by the affirmative vote of the holders of at least a majority of the total voting power of the Voting Stock; provided, however, that, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, any director or the entire Board of Directors may be removed from office only for cause and only by the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock.

SECTION 3.12 **Records**. The Board of Directors shall cause to be kept a record containing the minutes of the proceedings of the meetings of the Board of Directors, and of any committee thereof, and of the stockholders, appropriate stock books and registers and such books of records and accounts as may be necessary for the proper conduct of the business of the Corporation.

SECTION 3.13 **Compensation**. The Board of Directors shall have authority to determine from time to time the amount of compensation, if any, that shall be paid to its members for their services as directors and as members of standing or special committees of the Board of Directors. The Board of Directors shall also have power, in its discretion, to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV

OFFICERS

SECTION 4.1 **Elected Officers**. The elected officers of the Corporation shall be a Chairman of the Board, a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers (including, without limitation, one or more Vice Presidents, a Chief Operating Officer and a Chief Financial Officer) as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from among the directors. All officers elected by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof. The Board of Directors, or any committee thereof, may from time to time elect, or the Chairman of the Board or Chief Executive Officer may appoint, such other officers (including one or more Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers) and such agents, as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these By-Laws or as may be prescribed by the Board of Directors, or such committee, or by the Chairman of the Board or Chief Executive Officer, as the case may be.

SECTION 4.2 **Election and Term of Office**. The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after the annual meeting of the stockholders. If the election of officers shall not be

held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his or her death or until he or she shall resign, but any officer may be removed from office at any time by the affirmative vote of a majority of the members of the Board of Directors or, except in the case of an officer or agent elected by the Board, by the Chairman of the Board or Chief Executive Officer. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed.

SECTION 4.3 **Chairman of the Board**. The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall have such other powers and duties as may from time to time be prescribed by the Board of Directors, upon written directions given to him pursuant to resolutions duly adopted by the Board of Directors.

SECTION 4.4 **Chief Executive Officer**. The Chief Executive Officer, subject to the control of the Board of Directors, shall act in a general executive capacity and shall control the business and affairs of the Corporation. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the Board of Directors and of the stockholders. He or she may also preside at any such meeting attended by the Chairman of the Board if he or she is so designated by the Chairman. The Chief Executive Officer shall have the power to appoint and remove subordinate officers, agents and employees, except those elected by the Board of Directors. The Chief Executive Officer shall keep the Board of Directors fully informed and shall consult with them concerning the business of the Corporation.

SECTION 4.5 **President**. The President shall have general supervision over strategic planning and implementation, administration and the accounting and finance operations of the Corporation, and shall see that all resolutions of the board of directors are carried into effect. The President shall have such other duties as may be determined from time to time by resolution of the Board of Directors not inconsistent with these By-Laws. The President, in the absence or incapacity of the Chief Executive Officer, shall also perform the duties of that office. He or she may sign with the Secretary or any other officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation and any deeds, bonds, mortgages, contracts, checks, notes, drafts or other instruments that the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof has been expressly delegated by these By-Laws or by the Board of Directors to some other officer or agent of the Corporation, or shall be required by law to be otherwise executed. He or she shall vote, or give a proxy to any other officer of the Corporation to vote, all shares of stock of any other corporation standing in the name of the Corporation and in general he or she shall perform all other duties normally incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 4.6 **Vice-Presidents**. Each Vice President shall have such powers and shall perform such duties as shall be assigned to him by the Board of Directors.

SECTION 4.7 **Chief Operating Officer**. The Chief Operating Officer, if one is elected, shall report to the Chief Executive Officer, in the event that he or she is also the President, or to the Chief Executive Officer and the President, in the event that he or she is not

also the President, and shall have general supervision of the day-to-day operation of the activities of the Corporation and shall perform such duties, and shall have such other authority and powers, as the President (in the event that he or she is not also the Chief Executive Officer), the Chief Executive Officer or the Board of Directors may from time to time prescribe. The Chief Operating Officer, with the approval of either the Chief Executive Officer or the President, shall have authority to execute instruments, documents, agreements and contracts, in the name of the Corporation, to the same extent as the President or any Vice President.

SECTION 4.8 **Chief Financial Officer**. The Chief Financial Officer, if any, shall act in an executive financial capacity. He or she shall assist the Chairman of the Board and the Chief Executive Officer in the general supervision of the Corporation's financial policies and affairs.

SECTION 4.9 **Treasurer**. The Treasurer shall exercise general supervision over the receipt, custody and disbursement of corporate funds. The Treasurer shall cause the funds of the Corporation to be deposited in such banks as may be authorized by the Board of Directors, or in such banks as may be designated as depositaries in the manner provided by resolution of the Board of Directors. He or she shall have such further powers and duties and shall be subject to such directions as may be granted or imposed upon him from time to time by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 4.10 **Secretary**. The Secretary shall keep, or cause to be kept, in one or more books provided for that purpose, the minutes of all meetings of the Board of Directors, the committees of the Board of Directors and the stockholders; he or she shall see that all notices are duly given in accordance with the provisions of the Certificate of Incorporation, these By-Laws and as required by law; he or she shall be custodian of the records and the seal of the Corporation and affix and attest the seal to all stock certificates of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and affix and attest the seal to all other documents to be executed on behalf of the Corporation under its seal; and he or she shall see that the books, reports, statements, certificates and other documents and records required by law to be kept and filed are properly kept and filed; and in general, he or she shall perform all the duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors, the Chairman of the Board or the Chief Executive Officer.

SECTION 4.11 **Removal**. Any officer elected, or agent appointed, by the Board of Directors may be removed by the affirmative vote of a majority of the entire Board of Directors whenever, in their judgment, the best interests of the Corporation would be served thereby. Any officer or agent appointed by the Chairman of the Board or the Chief Executive Officer may be removed by him whenever, in his or her judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his or her successor or his or her death, resignation or removal, whichever event shall first occur, except as otherwise provided in an employment contract or under an employee deferred compensation plan.

SECTION 4.12 **Vacancies**. Any newly created elected office and any vacancy in any elected office because of death, resignation or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors. Any vacancy in

an office appointed by the Chairman of the Board or the Chief Executive Officer because of death, resignation or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

ARTICLE V

STOCK

SECTION 5.1 **Stock Certificates and Transfers**. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe. Subject to the satisfaction of any additional requirements specified in the Certificate of Incorporation, the shares of the stock of the Corporation shall be transferred on the books of the Corporation by the holder thereof in person or by his or her attorney, upon surrender for cancellation of certificates for at least the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

SECTION 5.2 **Record Date**. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted by the Board of Directors and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as described above; *provided, however,* that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

SECTION 5.3 **Lost, Stolen or Destroyed Certificates**. No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors, or any financial officer of the Corporation, may in its, or his or her, discretion require.

ARTICLE VI

MISCELLANEOUS PROVISIONS

SECTION 6.1 **Fiscal Year**. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

SECTION 6.2 **Dividends**. The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and the Certificate of Incorporation.

SECTION 6.3 **Seal**. The corporate seal shall have inscribed thereon the words "Corporate Seal," the year of incorporation and around the margin thereof the words "Clear Channel Outdoor Holdings, Inc."

SECTION 6.4 **Facsimile Signatures**. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these By-Laws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or any committee thereof.

SECTION 6.5 **Reliance upon Books, Reports and Records**. The Board of Directors, each committee thereof, each member of the Board of Directors and such committees and each officer of the Corporation shall, in the performance of its, his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or documents presented to it or them by any of the Corporation's officers or employees, by any committee of the Board of Directors or by any other person as to matters that the Board, such committee, such member or such officer reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

SECTION 6.6 **Waiver of Notice**. Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the General Corporation Law of the State of Delaware, the Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders or the Board of Directors or committee thereof need be specified in any waiver of notice of such meeting. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person

attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6.7 **Audits**. The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, or a committee thereof, and it shall be the duty of the Board of Directors, or such committee, to cause such audit to be done annually.

SECTION 6.8 **Resignations**. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the Chief Executive Officer or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the Chief Executive Officer or the Secretary, or at such later time as is specified therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

SECTION 6.9 **Indemnification and Insurance**.

(A) Each person who was or is made a party, or is threatened to be made a party to, or is involved, in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, limited liability company, joint venture, trust or other enterprise, including service with respect to employee benefit plans maintained or sponsored by the Corporation, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; *provided, however*, that except as provided in paragraph (C) of this Section 6.9, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section 6.9 shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; *provided, however*, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and

not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section 6.9 or otherwise.

(B) To obtain indemnification under this Section 6.9, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this paragraph (B), a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by the Board of Directors by a majority vote of a quorum consisting solely of Disinterested Directors (as hereinafter defined), or (ii) if a quorum of the Board of Directors consisting of Disinterested Directors is not obtainable or, even if obtainable, such quorum of Disinterested Directors so directs, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant, or (iii) if a quorum of Disinterested Directors so directs, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors unless there shall have occurred within two (2) years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a "Change in Control," in which case the Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

(C) If a claim under paragraph (A) of this Section 6.9 is not paid in full by the Corporation within thirty (30) days after a written claim pursuant to paragraph (B) of this Section 6.9 has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct that makes it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, Independent Counsel or stockholders) to make a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, Independent Counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(D) If a determination is made pursuant to paragraph (B) of this Section 6.9 that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to paragraph (C) of this Section 6.9.

(E) The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to paragraph (C) of this Section 6.9 that the procedures and presumptions of this Section 6.9 are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Section 6.9.

(F) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section 6.9 shall not be exclusive of any other right that any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-Laws, any agreement or vote of stockholders or Disinterested Directors, or otherwise. No repeal or modification of this Section 6.9 shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(G) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Corporation maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to which rights to indemnification have been granted as provided in paragraph (H) of this Section 6.9, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

(H) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Section 6.9 with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(I) If any provision or provisions of this Section 6.9 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Section 6.9 (including, without limitation, each portion of any paragraph of this Section 6.9 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Section 6.9 (including, without limitation, each such portion of any paragraph of this Section 6.9 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

(J) For purposes of this Section 6.9:

(1) “Change in Control” means any of the following events:

(i) The acquisition in one or more transactions by any “Person” (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act), other than the Clear Channel Entities, of beneficial ownership of shares representing at least a majority of the total voting power of the Voting Stock; or

(ii) Consummation by the Corporation, in a single transaction or series of related transactions, of (A) a merger or consolidation involving the Corporation if the stockholders of the Corporation immediately prior to such merger or consolidation do not own, directly or indirectly, immediately following such merger or consolidation, at least a majority of the total voting power of the outstanding voting securities of the entity resulting from such merger or consolidation or (B) a sale, conveyance, lease, license, exchange or transfer (for cash, shares of stock, securities or other consideration) of a majority or more of the assets or earning power of the Corporation.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to occur solely because a majority or more of the total voting power of the Voting Stock is acquired by (a) a trustee or other fiduciary holding securities under one or more employee benefit plans maintained by the Corporation or any of its subsidiaries or (b) any corporation that, immediately prior to such acquisition, is owned directly or indirectly by the stockholders of the Corporation in the same proportion as their ownership of stock in the Corporation immediately prior to such acquisition.

(2) “Disinterested Director” means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(3) “Independent Counsel” means a law firm, a member of a law firm, or an independent legal practitioner, that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Corporation or the claimant in an action to determine the claimant’s rights under this Section 6.9.

(K) Any notice, request or other communication required or permitted to be given to the Corporation under this Section 6.9 shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary and shall be effective only upon receipt by the Secretary.

ARTICLE VII

CONTRACTS, PROXIES, ETC.

SECTION 7.1 **Contracts**. Except as otherwise required by law, the Certificate of Incorporation or these By-Laws, any contracts or other instruments may be executed and

delivered in the name and on the behalf of the Corporation by such officer or officers of the Corporation as the Board of Directors may from time to time specify. Such authority may be general or confined to specific instances as the Board of Directors may determine. The Chairman of the Board, the Chief Executive Officer or such other persons as the Board of Directors may authorize may execute bonds, contracts, deeds, leases and other instruments to be made or executed for or on behalf of the Corporation. Subject to any restrictions imposed by the Board of Directors or the Chairman of the Board, the Chief Executive Officer or such other persons as the Board of Directors may authorize may delegate contractual powers to others under his or her jurisdiction, it being understood, however, that any such delegation of power shall not relieve such person of responsibility with respect to the exercise of such delegated power.

SECTION 7.2 **Proxies**. Unless otherwise provided by resolution adopted by the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or any Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes that the Corporation may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Corporation as such holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed, in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

ARTICLE VIII

AMENDMENTS

SECTION 8.1 **Amendments**. These By-Laws may be altered, amended or repealed at any meeting of the Board of Directors or of the stockholders, provided that notice of the proposed change was given in the notice of the meeting; *provided, however,* that, in the case of amendments by the Board of Directors, notwithstanding any other provisions of these By-Laws or any provision of law that might otherwise permit a lesser vote or no vote, the affirmative vote of a majority of the members of the Board of Directors shall be required to alter, amend or repeal any provision of the By-Laws, or to adopt any new By-Law. Notwithstanding any other provision of these By-Laws or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any series of Preferred Stock required by law, by this Certificate of Incorporation or by a Certificate of Designations, the affirmative vote of the holders of a majority of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal any provision of the By-Laws, or to adopt any new By-Law; *provided, however,* that, from and after the date that the Clear Channel Entities collectively cease to be the beneficial owner of shares representing at least a majority of the total voting power of the Voting Stock, the affirmative vote of the holders of at least 80% of the total voting power of the Voting Stock, voting together as a single class, shall be required for the stockholders of the Corporation to alter, amend or repeal, or adopt any By-Law inconsistent with, the following provisions of these By-Laws: Sections 2.1, 2.2, 2.4, 2.5, 2.6, 2.8, 2.9 and 2.11 of ARTICLE II; Sections 3.1, 3.2, 3.9 and

3.11 of ARTICLE III; Section 6.9 of ARTICLE VI; and this Section 8.1 of ARTICLE VIII, or in each case, any successor provision (including, without limitation, any such article or section as renumbered as a result of any amendment, alteration, change, repeal or adoption of any other By-Law).

Exhibit 10.1

MASTER AGREEMENT

BETWEEN

CLEAR CHANNEL COMMUNICATIONS, INC.

AND

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

Dated ______ __, 2005

TABLE OF CONTENTS

	Page
ARTICLE I DEFINITIONS	2
1.1 Certain Definitions	2
1.2 Other Terms	8
ARTICLE II THE SEPARATION	10
2.1 Transfer of Outdoor Assets; Assumption of Outdoor Liabilities	10
2.2 Outdoor Assets	11
2.3 Outdoor Liabilities	12
2.4 Termination of Agreements	13
2.5 Governmental Approvals and Consents; Delayed Transfer Assets and Liabilities	14
2.6 Novation of Assumed Outdoor Liabilities	15
2.7 Novation of Liabilities other than Outdoor Liabilities	16
2.8 Transfers of Assets and Assumption of Liabilities	17
2.9 Transfer of Excluded Assets by Outdoor; Assumption of Excluded Liabilities by CCU	17
2.10 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES	19
ARTICLE III INTERCOMPANY TRANSACTIONS AS OF THE CLOSING DATE	20
3.1 Time and Place of Closing	20
3.2 Closing Transactions	20
3.3 Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws	21
3.4 The Initial Public Offering	21
3.5 Intercompany Notes	21
3.6 Reclassification of Outstanding Outdoor Common Stock into Class B Common Stock	21
3.7 Rescission	22
ARTICLE IV FINANCIAL AND OTHER INFORMATION	22
4.1 Financial and Other Information	22
4.2 Agreement for Exchange of Information; Archives	29
4.3 Ownership of Information	30
4.4 Compensation for Providing Information	31

TABLE OF CONTENTS
(continued)

	Page
4.5 Record Retention	31
4.6 Liability	31
4.7 Other Agreements Providing for Exchange of Information	31
4.8 Production of Witnesses; Records; Cooperation	32
4.9 Privilege	33
ARTICLE V RELEASE; INDEMNIFICATION	33
5.1 Release of Pre-Closing Claims	33
5.2 General Indemnification by Outdoor	35
5.3 General Indemnification by CCU	36
5.4 Registration Statement Indemnification	36
5.5 Contribution	37
5.6 Indemnification Obligations Net of Insurance Proceeds and Other Amounts on an After-Tax Basis	38
5.7 Procedures for Indemnification of Third Party Claims	38
5.8 Additional Matters	40
5.9 Remedies Cumulative; Limitations of Liability	41
5.10 Survival of Indemnities	41
ARTICLE VI OTHER AGREEMENTS	41
6.1 Further Assurances	41
6.2 Confidentiality	42
6.3 Insurance Matters	44
6.4 Allocation of Costs and Expenses	45
6.5 Covenants Against Taking Certain Actions Affecting CCU	46
6.6 No Violations	48
6.7 Registration Statements	49
6.8 Compliance with Charter Provisions	49
6.9 Future Intercompany Transactions	49
6.10 Board of Directors	49
6.11 CCU Policies	50
6.12 Operations	50

TABLE OF CONTENTS
(continued)

	Page
6.13 Distribution of Outdoor Common Stock by CCU	50
6.14 Tax Matters	51
6.15 Litigation	52
ARTICLE VII DISPUTE RESOLUTION	53
7.1 General Provisions	53
7.2 Consideration by Senior Executives	54
7.3 Mediation	54
7.4 Arbitration	54
ARTICLE VIII MISCELLANEOUS	55
8.1 Corporate Power; Fiduciary Duty	55
8.2 Governing Law	56
8.3 Survival of Covenants	56
8.4 Force Majeure	56
8.5 Notices	56
8.6 Severability	57
8.7 Entire Agreement	57
8.8 Assignment; No Third-Party Beneficiaries	57
8.9 Public Announcements	58
8.10 Amendment	58
8.11 Rules of Construction	58
8.12 Counterparts	58

EXHIBITS

A	Form of Corporate Services Agreement
B	Form of Registration Rights Agreement
C	Form of Tax Matters Agreement
D	Form of Employee Matters Agreement
E	Form of Amended and Restated Trademark License Agreement
F	Form of Amended and Restated Certificate of Incorporation
G	Form of Amended and Restated Bylaws

SCHEDULES

Schedule 1.1(a)	Supply and Vendor Contracts
Schedule 1.1(d)	Outdoor Contracts
Schedule 2.1(b)	Delayed Transfer Assets
Schedule 2.2(a)(i)	Outdoor Assets
Schedule 2.2(b)(i)	Excluded Assets
Schedule 2.2(b)(ii)	Excluded Contracts
Schedule 2.3(a)(i)	Outdoor Liabilities
Schedule 2.3(b)(iii)	Excluded Liabilities
Schedule 2.4(b)(ii)	Continuing Agreements
Schedule 2.4(b)(iii)	CCU Guarantees
Schedule 5.4(a)	Statements in Prospectus Provided by CCU
Schedule 6.15(a)	Assumed Actions
Schedule 6.15(b)	Transferred Actions
Schedule 6.15(c)	Existing Actions
Schedule 6.15(f)	Specified Actions
Schedule 7.1	Transaction Documents — Dispute Resolution

MASTER AGREEMENT

This MASTER AGREEMENT, dated [______], 2005 (this "Agreement"), is made between Clear Channel Communications, Inc., a Texas corporation ("CCU"), and Clear Channel Outdoor Holdings, Inc., a Delaware corporation and as of the date hereof, an indirect, wholly owned subsidiary of CCU ("Outdoor"). Certain capitalized terms used in this Agreement are defined in Section 1.1 and the definitions of the other capitalized terms used in this Agreement are cross-referenced in Section 1.2.

W I T N E S S E T H:

WHEREAS, the board of directors of CCU has determined that it is appropriate and desirable for CCU to separate the Outdoor Group from CCU;

WHEREAS, in connection with the separation of the Outdoor Group from CCU, CCU desires to contribute, assign or otherwise transfer, and to cause certain of its Subsidiaries to contribute, assign or otherwise transfer, to Outdoor and certain of Outdoor's Subsidiaries, certain Assets and Liabilities associated with the Outdoor Business, including the stock or other equity interests of certain of CCU's Subsidiaries dedicated to the Outdoor Business;

WHEREAS, the boards of directors of CCU and Outdoor have further approved the initial public offering by Outdoor of shares of its Class A Common Stock in a registered offering under the Securities Act, concurrently with the closing of the Separation;

WHEREAS, in connection with the Separation, Outdoor intends to reclassify the Outdoor Common Stock currently held indirectly by CCU into shares of its Class B Common Stock, such that CCU indirectly will own all of the outstanding Class B Common Stock immediately following the consummation of the Initial Public Offering;

WHEREAS, in connection with the Separation, the Intercompany Notes owed by a member of the Outdoor Group to CCU will be satisfied in full as follows: (a) first, a portion of the outstanding balance of the Intercompany Notes will be reduced by the balance of the intercompany account due to Outdoor from CCU, (b) second, CCU will contribute a portion of the outstanding balance of the Intercompany Notes to the capital of Outdoor, (c) third, the net cash proceeds of the Initial Public Offering will be used by Outdoor to pay a portion of the outstanding balance of the Intercompany Notes, and (d) fourth, to the extent the Underwriters do not exercise in full their Over-Allotment Option to purchase additional shares of Class A Common Stock in the Initial Public Offering, Outdoor will issue additional shares of Class B Common Stock to CCU in exchange for the extinguishment of the remaining balance of the Intercompany Notes;

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and certain other agreements that will, following the consummation of the Initial Public Offering, govern certain matters relating to the Separation, the Initial Public Offering and the relationship of CCU, Outdoor and their respective Groups; and

WHEREAS, the terms and conditions set forth herein have not resulted from arms length negotiations between the parties because of the context of CCU's and Outdoor's parent –Subsidiary relationship, and accordingly, such terms and conditions may be in some respects less favorable to Outdoor than those it could obtain from unaffiliated third parties.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions.

For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Action" means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" (and, with a correlative meaning, "affiliated") means, with respect to any Person, any direct or indirect Subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person; provided, however, that from and after the Closing Date, no member of the Outdoor Group shall be deemed an Affiliate of any member of the CCU Group for purposes of this Agreement and the Transaction Documents and no member of the CCU Group shall be deemed an Affiliate of any member of the Outdoor Group for purposes of this Agreement and the Transaction Documents. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies, or the power to appoint and remove a majority of directors (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), of a Person.

"Assets" means, with respect to any Person, the assets, properties and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all interests in any capital stock, equity interests or capital or profit interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;

(b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(d) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

(e) all license agreements, leases of personal property, open purchase orders for supplies, parts or services and other contracts, agreements or commitments;

(f) all deposits, letters of credit and performance and surety bonds;

(g) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;

(h) all domestic and foreign intangible personal property, patents, copyrights, trade names, trademarks, service marks and registrations and applications for any of the foregoing, mask works, trade secrets, inventions, designs, ideas, improvements, works of authorship, recordings, other proprietary and confidential information and licenses from third Persons granting the right to use any of the foregoing;

(i) all computer applications, programs and other software, including operating software, network software firmware, middleware, design software, design tools, systems documentation and instructions;

(j) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(k) all prepaid expenses, trade accounts and other accounts and notes receivables;

(l) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(m) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(n) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;

(o) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(p) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Business Day" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

"CCU Group" means CCU and each Person (other than a member of the Outdoor Group) that is an Affiliate of CCU immediately following the Closing.

"Class A Common Stock" means the class A common stock, $0.01 par value per share, of Outdoor.

"Class B Common Stock" means the class B common stock, $0.01 par value per share, of Outdoor.

"Code" means the Internal Revenue Code of 1986, as amended.

"Consents" means any consent, waiver or approval from, or notification requirement to, any third parties.

"Delayed Transfer Assets" means any Outdoor Assets that are expressly provided in this Agreement or any Transaction Document to be transferred after the Closing Date.

"Delayed Transfer Liabilities" means any Outdoor Liabilities that are expressly provided in this Agreement or any Transaction Document to be assumed after the Closing Date.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

"Firm Public Offering Shares" means the Class A Common Stock sold in the Initial Public Offering, other than Class A Common Stock sold as a result of exercise of the Over-Allotment Option by the Underwriters.

"Force Majeure" means, with respect to a party, an event beyond the control of such party (or any Person acting on its behalf), which by its nature could not have been foreseen by such party (or such Person), or, if it could have been foreseen, was unavoidable, and includes, without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources or distribution facilities.

"GAAP" means United States generally accepted accounting principles.

"Governmental Approvals" means any notice, report or other filing to be made with, or any consent, registration, approval, permit or authorization to be obtained from, any Governmental Authority.

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any governmental authority, agency, department, board, commission or instrumentality, whether federal, state, local or foreign (or any political subdivision thereof), and any tribunal, court or arbitrator(s) of competent jurisdiction.

"Group" means the CCU Group or the Outdoor Group, as the context requires.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible form, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Initial Public Offering" means the initial public offering by Outdoor of the Class A Common Stock.

"Insurance Policies" means the insurance policies written by insurance carriers, including those affiliated with CCU and any self-insurance arrangements, pursuant to which Outdoor or one or more of its Subsidiaries (or their respective officers or directors) will be insured parties after the Closing Date.

"Insurance Proceeds" means those monies: (a) received by an insured from an insurance carrier; (b) paid by an insurance carrier on behalf of the insured; or (c) received (including by way of setoff) from any third party in the nature of insurance, contribution or indemnification in respect of any Liability; in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof.

"Intercompany Notes" means the two promissory notes in the original principal amounts of $1.39 billion and $73 million, respectively, payable by Clear Channel Outdoor, Inc., a member of the Outdoor Group, to CCU.

"IPO Registration Statement" means the registration statement on Form S-1 filed under the Securities Act pursuant to which the Class A Common Stock to be sold by Outdoor in the Initial Public Offering will be registered, and all amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all materials incorporated by reference in such registration statement.

"Law" means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" means any debt, loss, damage, adverse claim, liability or obligation of any Person (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto.

"Outdoor Balance Sheet" means Outdoor's unaudited pro forma consolidated statement of financial position as of June 30, 2005 included in the IPO Registration Statement.

"Outdoor Business" means the current businesses of the members of the Outdoor Group, including, without limitation, the world-wide billboard advertising, street furniture displays, and transit displays businesses described in the IPO Registration Statement, as well as those terminated, divested or discontinued businesses of the members of Outdoor Group.

"Outdoor Capital Stock" means all classes or series of capital stock of Outdoor, including the Class A Common Stock, the Class B Common Stock, and all options, warrants and other rights to acquire such capital stock.

"Outdoor Common Stock" means the Class A Common Stock and the Class B Common Stock.

"Outdoor Contracts" means the following contracts and agreements to which CCU or any of its Subsidiaries is a party or by which CCU or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, except for any such contract or agreement that is contemplated to be retained by CCU or any member of the CCU Group pursuant to any provision of this Agreement or any Transaction Document:

(a) any supply or vendor contracts or agreements listed or described on Schedule 1.1(a) (and the applicable licenses, leases, addendums and similar arrangements thereunder);

(b) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Outdoor Group;

(c) any contract or agreement, including any joint venture agreement, that is used exclusively or held for use exclusively in the Outdoor Business;

(d) the contracts, agreements and other documents listed or described on Schedule 1.1(d) (and the applicable licenses, leases, addendums and similar arrangements thereunder);

(e) any guarantee, indemnity, representation, warranty or other Liability of any member of the Outdoor Group or the CCU Group in respect of (i) any other Outdoor Contract or Outdoor Asset, (ii) any Outdoor Liability or (iii) the Outdoor Business; and

(f) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to Outdoor or any member of the Outdoor Group in connection with the Separation.

"Outdoor Group" means Outdoor, each Subsidiary of Outdoor immediately after the Closing and each other Person that is either controlled directly or indirectly by Outdoor immediately after the Closing; provided that, any Delayed Transfer Asset that is transferred to Outdoor at any time following the Closing shall, to the extent applicable, and from and after the Closing Date, be considered part of the Outdoor Group for all purposes of this Agreement.

"Outdoor Indebtedness" means the aggregate principal amount of total liabilities (whether long-term or short-term) for borrowed money (including capitalized leases) of the Outdoor Group collectively, as determined for purposes of its financial statements prepared in accordance with GAAP.

"Over-Allotment Option" means the over-allotment option that may be exercised by the underwriters of the Initial Public Offering pursuant to the Underwriting Agreement relating to the Initial Public Offering.

"Person" means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"Prospectus" means the prospectus or prospectuses included in the IPO Registration Statement, as amended or supplemented by prospectus supplement and by all other amendments and supplements to any such prospectus, including post-effective amendments and all material incorporated by reference in such prospectus or prospectuses.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer (other than restrictions on transfer imposed by federal or state securities laws), or other encumbrance of any nature whatsoever.

"Separation" means collectively, (a) the transfer of the Outdoor Assets, to the extent not already held by Outdoor and the Outdoor Group, and the assumption by Outdoor and the Outdoor Group of the Outdoor Liabilities, and (b) the transfer of certain Excluded Assets to CCU and the CCU Group, and the assumption by CCU and the CCU Group of certain Excluded Liabilities, all as more fully described in this Agreement and the Transaction Documents.

"Subsidiary" or "subsidiary" means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all

classes of voting securities of such entity, (ii) the total combined equity interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax" means all federal, state, provincial, territorial, municipal, local or foreign income, profits, franchise, gross receipts, environmental (including taxes under Code Section 59A), customs, duties, net worth, sales, use, goods and services, withholding, value added, *ad valorem*, employment, social security, disability, occupation, pension, real property, personal property (tangible and intangible), stamp, transfer, conveyance, severance, production, excise, premium, retaliatory and other taxes, withholdings, duties, levies, imposts, guarantee fund assessments and other similar charges and assessments (including any and all fines, penalties and additions attributable to or otherwise imposed on or with respect to any such taxes, charges, fees, levies or other assessments, and interest thereon) imposed by or on behalf of any Taxing Authority, in each case whether such Tax arises by Law, contract, agreement or otherwise.

"Taxing Authority" means any Governmental Authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

"Transactions" means, collectively, (a) the Separation, (b) the Initial Public Offering, (c) the repayment by Outdoor of the principal of, and accrued interest on, the Intercompany Notes as set forth in Section 3.6, and (d) all other transactions contemplated by this Agreement or any Transaction Document.

"Trigger Date" means the first date on which members of the CCU Group cease to beneficially own more than fifty percent (50%) of the total voting power of Outdoor Common Stock.

"Underwriters" means the managing underwriters for the Initial Public Offering.

"Underwriting Agreement" means the Underwriting Agreement to be entered into by and among CCU, Outdoor and the Underwriters in connection with the offering of Outdoor Common Stock in the Initial Public Offering.

1.2 Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated.

Term	Section
After-Tax Basis	5.6(c)
Agreement	Recitals
Annual Financial Statements	4.1(a)(v)
Assumed Actions	6.15(a)
Bylaws	3.3
CCU	Preamble
CCU Annual Statements	4.1(b)(ii)
CCU Auditors	4.1(b)(ii)
CCU Confidential Information	6.2(b)

Term	Section
CCU Guarantees	2.4(b)(iii)
CCU Indemnified Parties	5.2
CCU Policies	6.11
CCU Public Filings	4.1(a)(xii)
CCU Transfer Documents	2.8
Charter	3.3
Closing	3.1
Closing Date	3.1
Conversion Upon Transfer Provision	6.13
Corporate Services Agreement	3.2(b)(i)
CPR	7.3
CPR Arbitration Rules	7.4(a)
Dispute	7.1(a)
Distribution	6.13
Employee Matters Agreement	3.2(b)(iv)
Excluded Assets	2.2(b)
Excluded Liabilities	2.3(b)
Existing Actions	6.15(c)
Existing CCU Indebtedness	3.5
Indemnified Party	5.6(a)
Indemnifying Party	5.6(a)
Indemnity Payment	5.6(a)
Initial Notice	7.2
International Tax Matters Agreement	3.2(b)(vi)
Optional Conversion Right	6.13
Outdoor	Preamble
Outdoor Assets	2.2(a)
Outdoor Auditors	4.1(b)(i)
Outdoor Confidential Information	6.2(a)
Outdoor Indemnified Parties	5.3
Outdoor Liabilities	2.3(a)
Outdoor Public Documents	4.1(a)(viii)
Outdoor Transfer Documents	2.9(a)(iii)
Privilege	4.9
Quarterly Financial Statements	4.1(a)(iv)
Registration Rights Agreement	3.2(b)(ii)
Representatives	6.2(a)
Response	7.2
Tax-Free Spin-Off	6.13
Tax Matters Agreement	3.2(b)(iii)
Termination Option	6.13
Third Party Claim	5.7(a)
Trademark License Agreement	3.2(b)(v)
Transaction Documents	3.2(b)
Transfer Documents	2.9(a)(iii)
Transferred Actions	6.15(b)

ARTICLE II
THE SEPARATION

2.1 Transfer of Outdoor Assets; Assumption of Outdoor Liabilities.

(a) The Separation shall be effected in accordance with the terms and conditions of this Agreement and the other Transfer Documents. Subject to Section 3.7, immediately following the execution and delivery of the Underwriting Agreement by each of the parties thereto:

(i) CCU shall, and shall cause its applicable Subsidiaries to, contribute, assign, transfer, convey and deliver to Outdoor or certain of its Subsidiaries designated by Outdoor, and Outdoor or such applicable Subsidiaries shall accept from CCU and its applicable Subsidiaries, all of CCU's and such Subsidiaries' respective rights, titles and interests in and to all Outdoor Assets, other than the Delayed Transfer Assets, with such contributions, assignments, transfers and conveyances being subject to the terms and conditions of this Agreement and any applicable Transfer Documents; and

(ii) Outdoor shall, and shall cause its domestic Subsidiaries to, accept, assume and agree, on a several and not joint basis, to perform, discharge and fulfill all the Outdoor Liabilities, other than the Delayed Transfer Liabilities, in accordance with their respective terms. Outdoor and such Subsidiaries shall be responsible for all Outdoor Liabilities assumed by it, regardless of when or where such Outdoor Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Closing Date, regardless of where or against whom such Outdoor Liabilities are asserted or determined (including any Outdoor Liabilities arising out of claims made by CCU's or Outdoor's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the CCU Group or the Outdoor Group) or whether asserted or determined prior to the date hereof, and, except as set forth in Section 2.3(b)(iv), regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the CCU Group or the Outdoor Group, or any of their past or present respective directors, officers, employees, agents, Subsidiaries or Affiliates. Such assumption of Outdoor Liabilities shall be subject to the terms and conditions of this Agreement and any applicable Transfer Documents.

(b) Each of the parties agrees that the Delayed Transfer Assets will be contributed, assigned, transferred, conveyed and delivered, and the Delayed Transfer Liabilities will be accepted and assumed, in accordance with the terms of the applicable Transaction Documents or as otherwise set forth on Schedule 2.1(b). Notwithstanding the date on which any such Delayed Transfer Asset is actually contributed, assigned, conveyed and delivered, or the date on which any such Delayed Transfer Liability is actually accepted and assumed, such contribution, assignment, transfer, conveyance and delivery of any Delayed Transfer Asset, or the acceptance and assumption of any Delayed Transfer Liability, shall be deemed to have taken place on, and

shall be effective as of, the Closing Date, and the applicable Delayed Transfer Asset or Delayed Transfer Liability shall be treated for all purposes of this Agreement and the Transaction Documents as an Outdoor Asset or an Outdoor Liability, as the case may be, from and after the Closing Date.

(c) If at any time or from time to time (whether prior to or after the Closing Date) any party hereto (or any member of such party's respective Group) shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Transaction Document, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person.

(d) Outdoor hereby waives compliance by each member of the CCU Group with the requirements and provisions of the "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Outdoor Assets to any member of the Outdoor Group.

2.2 Outdoor Assets.

(a) Subject to Section 2.2(b), for purposes of this Agreement, "Outdoor Assets" shall mean (without duplication):

(i) the Assets listed or described on Schedule 2.2(a)(i) and all other Assets that are expressly provided by this Agreement or any Transaction Document as Assets to be transferred by CCU and other members of the CCU Group to Outdoor or another designated member of the Outdoor Group;

(ii) all Outdoor Contracts;

(iii) subject to Section 6.3, any rights of any member of the Outdoor Group under any of the Insurance Policies, including any rights thereunder arising after the Closing Date in respect of any Insurance Policies;

(iv) all Assets reflected as Assets of Outdoor and its Subsidiaries in the Outdoor Balance Sheet, other than any dispositions of such Assets subsequent to the date of the Outdoor Balance Sheet; and

(v) any and all Assets owned or held immediately prior to the Closing Date by CCU or any of its Subsidiaries that are used exclusively in the Outdoor Business. The intention of this clause (v) is only to rectify any inadvertent omission of transfer or conveyance of any Asset that, had the parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as an Outdoor Asset.

(b) Notwithstanding the foregoing, the Outdoor Assets shall not in any event include the Excluded Assets. For purposes of this Agreement, "Excluded Assets" shall mean Assets not used exclusively in the Outdoor Business, including, without limitation:

(i) the Assets listed or described on Schedule 2.2(b)(i);

(ii) the contracts and agreements listed or described on Schedule 2.2(b)(ii); and

(iii) any and all Assets that are expressly contemplated by this Agreement or any Transaction Document as either Assets to be retained by CCU or any other member of the CCU Group, other than assets of CCE Spinco, Inc. and its Subsidiaries, or Assets that are to be transferred by Outdoor or any member of the Outdoor Group to CCU or a designated member of the CCU Group, including CCE Spinco, Inc. and its Subsidiaries.

2.3 Outdoor Liabilities.

(a) Subject to Section 2.3(b), for purposes of this Agreement, "Outdoor Liabilities" shall mean (without duplication):

(i) the Liabilities listed or described on Schedule 2.3(a)(i) and all other Liabilities that are expressly provided by this Agreement or any Transaction Document as Liabilities to be assumed by Outdoor or any other member of the Outdoor Group, and all agreements, obligations and Liabilities of Outdoor or any other member of the Outdoor Group under this Agreement or any of the Transaction Documents;

(ii) all Liabilities, including any employee-related Liabilities relating to, arising out of or resulting from:

(A) the operation of the Outdoor Business, as conducted at any time before, on or after the Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority));

(B) the operation of any business conducted by any member of the Outdoor Group at any time after the Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person's authority)); or

(C) any Outdoor Assets (including any Outdoor Contracts and any real property and leasehold interests), in any such case whether arising before, on or after the Closing Date;

(iii) all Liabilities reflected as liabilities or obligations of Outdoor or its Subsidiaries in the Outdoor Balance Sheet;

(iv) all Liabilities related to Assumed Actions and Existing Actions, as further provided in Section 6.15;

(v) all Liabilities related to any and all other Actions initiated on or after the Closing Date that arise out of or relate in any material respect to the operation of the Outdoor Business or the ownership or use of the Outdoor Assets, in any such case

whether such Action arises before, on or after the Closing Date, including any such Action in which CCU or any member of the CCU Group is named as a defendant or party subject to any claim or investigation;

(vi) all Liabilities for any payments to be made by any member of the CCU Group or any member of the Outdoor Group pursuant to the terms and conditions of purchase agreements relating to the acquisition of Outdoor Assets, including, without limitation, purchase price installment payments based on the financial performance of the Outdoor Asset subsequent to the acquisition; and

(vii) all Liabilities arising out of claims made by CCU's or Outdoor's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the CCU Group or the Outdoor Group with respect to the Outdoor Business.

(b) Notwithstanding the foregoing, the Outdoor Liabilities shall not in any event include the Excluded Liabilities. For purposes of this Agreement, "Excluded Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Transaction Document as Liabilities to be retained or assumed by CCU or any other member of the CCU Group (in each case other than Delayed Transfer Liabilities), and all agreements and obligations of any member of the CCU Group under this Agreement or any of the Transaction Documents;

(ii) any and all Liabilities of a member of the CCU Group relating solely to, arising solely out of or resulting from any Excluded Assets;

(iii) the Liabilities listed on Schedule 2.3(b)(iii); and

(iv) any and all liabilities arising from a knowing violation of Law, fraud or misrepresentation by any member of the CCU Group or any of their respective directors, officers, employees or agents (other than any individual who at the time of such act was acting in his or her capacity as a director, officer, employee or agent of any member of the Outdoor Group).

2.4 Termination of Agreements.

(a) Except as set forth in Section 2.4(b), Outdoor and each member of the Outdoor Group, on the one hand, and CCU and each member of the CCU Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Outdoor or any member of the Outdoor Group, on the one hand, and CCU or any member of the CCU Group, on the other hand, effective as of the Closing Date. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Closing Date. Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.4(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof):

(i) this Agreement and the Transaction Documents (and each other agreement or instrument expressly contemplated by this Agreement or any Transaction Document to be entered into or continued by either of the parties or any of the members of their respective Groups);

(ii) except to the extent redundant with any provision of or service provided under this Agreement or any of the Transaction Documents (including any exhibits or schedules thereto), the agreements, arrangements, commitments and understandings listed or described on Schedule 2.4(b)(ii);

(iii) the guarantees, indemnification obligations, surety bonds and other credit support agreements, arrangements, commitments or understandings listed or described on Schedule 2.4(b)(iii) (the "CCU Guarantees");

(iv) any agreements, arrangements, commitments or understandings to which any Person other than the parties and their respective Affiliates is a party (it being understood that to the extent that the rights and obligations of the parties and the members of their respective Groups under any such agreements, arrangements, commitments or understandings constitute Outdoor Assets or Outdoor Liabilities, they shall be assigned pursuant to Section 2.1);

(v) any accounts or notes payable or accounts or notes receivable between a member of the CCU Group, on the one hand, and a member of the Outdoor Group, on the other hand, accrued as of the Closing Date and reflected in the books and records of the parties or otherwise documented in accordance with past practices;

(vi) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of CCU or Outdoor, as the case may be, is a party; and

(vii) any other agreements, arrangements, commitments or understandings that this Agreement or any Transaction Document expressly contemplates will survive the Closing Date.

2.5 Governmental Approvals and Consents; Delayed Transfer Assets and Liabilities.

(a) To the extent that the Separation requires any Governmental Approvals or Consents, the parties will use their commercially reasonable efforts to obtain such Governmental Approvals and Consents; provided, however, that neither CCU nor Outdoor shall be obligated to contribute capital in any form to any entity in order to obtain such Governmental Approvals and Consents.

(b) If and to the extent that the valid, complete and perfected contribution, transfer or assignment to the Outdoor Group of any Outdoor Assets or the assumption by the Outdoor Group of any Outdoor Liabilities would be a violation of applicable Law or require any Consent

or Governmental Approval in connection with the Separation or the Initial Public Offering, then, unless the parties mutually shall otherwise determine, the transfer or assignment to the Outdoor Group of such Outdoor Assets or the assumption by the Outdoor Group of such Outdoor Liabilities shall be automatically deemed deferred and any such purported contribution, transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consents or Governmental Approvals have been obtained. If and when the Consents and Governmental Approvals are obtained, the contribution, transfer or assignment of the applicable Outdoor Asset or Outdoor Liability shall be effected in accordance with the terms of this Agreement and/or the applicable Transfer Document. Any such Liability shall be deemed a Delayed Transfer Liability. Any such Asset shall be deemed a Delayed Transfer Asset and notwithstanding the foregoing, an Outdoor Asset for purposes of determining whether any Liability is an Outdoor Liability.

(c) If any contribution, transfer or assignment of any Outdoor Asset intended to be contributed, transferred or assigned hereunder or any assumption of any Outdoor Liability intended to be assumed by the Outdoor Group hereunder is not consummated on the Closing Date for any reason, then, insofar as reasonably possible, (i) the member of the CCU Group retaining such Outdoor Asset shall thereafter hold such Outdoor Asset for the use and benefit of the member of the Outdoor Group entitled thereto (at the expense of the member of the Outdoor Group entitled thereto) and (ii) Outdoor shall, or shall cause the applicable member of the Outdoor Group to, pay or reimburse the member of the CCU Group retaining such Outdoor Liability for all amounts paid or incurred in connection with such Outdoor Liability. In addition, the member of the CCU Group retaining such Outdoor Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Outdoor Group member to whom such Outdoor Asset is to be transferred in order to place such Outdoor Group member in the same position as if such Outdoor Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Outdoor Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Outdoor Asset, is to inure from and after the Closing Date to the Outdoor Group.

(d) The Person retaining an Asset or Liability due to the deferral of the transfer of such Asset or the deferral of the assumption of such Liability shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by the Person entitled to the Asset or the Person intended to be subject to the Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Asset or the Person intended to be subject to the Outdoor Liability.

2.6 Novation of Assumed Outdoor Liabilities.

(a) Each of CCU and Outdoor, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, any Consent, substitution or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Outdoor Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements (other than any

member of the Outdoor Group), so that, in any such case, Outdoor and the other members of the Outdoor Group will be solely responsible for such Outdoor Liabilities; provided, however, that neither the CCU Group nor the Outdoor Group shall be obligated to pay any consideration or assume any additional obligation therefor to any third party from whom any such Consent, substitution or amendment is requested.

(b) If CCU or Outdoor is unable to obtain, or to cause to be obtained, any such required Consent, release, substitution or amendment, the applicable member of the CCU Group shall continue to be bound by such agreement, lease, license or other obligation that constitutes an Outdoor Liability and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such member of the CCU Group, Outdoor shall, or shall cause a member of the Outdoor Group to, pay, perform and discharge fully all the obligations or other Liabilities of members of the CCU Group thereunder that constitute Outdoor Liabilities from and after the Closing Date. Outdoor shall indemnify each CCU Indemnified Party, and hold each of them harmless against any Liabilities arising in connection therewith; provided that, Outdoor shall have no obligation to indemnify any CCU Indemnified Party with respect to any matter to the extent that such CCU Indemnified Party has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. CCU shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to Outdoor, all money, rights and other consideration received by it or any member of the CCU Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such Consent, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, CCU shall thereafter assign, or cause to be assigned, all rights and obligations of any member of the CCU Group thereunder and any other Outdoor Liabilities thereunder to Outdoor or a designated member of the Outdoor Group, without payment of further consideration and Outdoor, or a designated member of the Outdoor Group, shall, without the payment of any further consideration, assume such Outdoor Liabilities and rights.

2.7 Novation of Liabilities other than Outdoor Liabilities.

(a) Each of CCU and Outdoor, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, any Consent, substitution, or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities for which a member of the CCU Group and a member of the Outdoor Group are jointly or severally liable and that do not constitute Outdoor Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the CCU Group, so that, in any such case, the members of the CCU Group will be solely responsible for such Liabilities; provided, however, that neither the CCU Group nor the Outdoor Group shall be obligated to pay any consideration therefor to any third party from whom any such Consent, substitution or amendment is requested.

(b) If CCU or Outdoor is unable to obtain, or to cause to be obtained, any such required Consent, release, substitution or amendment, the applicable member of the Outdoor Group shall continue to be bound by such agreement, lease, license or other obligation that does not constitute an Outdoor Liability and, unless not permitted by Law or the terms thereof, as agent or subcontractor for such member of the Outdoor Group, CCU shall, or shall cause a

member of the CCU Group to, pay, perform and discharge fully all the obligations or other Liabilities of such member of the Outdoor Group thereunder from and after the Closing Date. CCU shall indemnify each Outdoor Indemnified Party and hold each of them harmless against any Liabilities (other than Outdoor Liabilities) arising in connection therewith; provided that, CCU shall have no obligation to indemnify any Outdoor Indemnified Party with respect to any matter to the extent that such Outdoor Indemnified Party has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. Outdoor shall, without further consideration, promptly pay and remit, or cause to be promptly paid or remitted, to CCU or to another member of the CCU Group specified by CCU, all money, rights and other consideration received by it or any member of the Outdoor Group in respect of such performance (unless any such consideration is an Outdoor Asset). If and when any such Consent, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, Outdoor shall promptly assign, or cause to be assigned, all rights, obligations and other Liabilities thereunder of any member of the Outdoor Group to CCU or to another member of the CCU Group specified by CCU, without payment of any further consideration and CCU, or another member of the CCU Group, without the payment of any further consideration shall assume such rights and Liabilities.

2.8 Transfers of Assets and Assumption of Liabilities.

In furtherance of the contribution, assignment, transfer and conveyance of Outdoor Assets and the assumption of Outdoor Liabilities, on the Closing Date, (a) CCU shall execute and deliver, and shall cause the other members of the CCU Group to execute and deliver, such stock powers, merger certificates, bills of sale, certificates of title, assignments of contracts and other instruments of contribution, transfer, conveyance and assignment as and to the extent necessary to evidence the contribution, transfer, merger, conveyance and assignment of all of the CCU Group's right, title and interest in and to the Outdoor Assets to the Outdoor Group, and (b) Outdoor shall execute and deliver, and shall cause the other members of the Outdoor Group to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Outdoor Liabilities by the Outdoor Group. All of the foregoing documents contemplated by this Section 2.8 shall be referred to collectively herein as the "CCU Transfer Documents."

2.9 Transfer of Excluded Assets by Outdoor; Assumption of Excluded Liabilities by CCU.

(a) To the extent any Excluded Asset or Excluded Liability is transferred to a member of the Outdoor Group at the Closing or remains owned or held by a member of the Outdoor Group after the Closing, from and after the Closing:

(i) Outdoor shall, and shall cause the members of the Outdoor Group to, promptly contribute, assign, transfer, convey and deliver to CCU or designated CCU Group members, and CCU or such CCU Group members shall accept from Outdoor and its applicable Group members, all of Outdoor's and such Group members' respective rights, titles and interests in and to such Excluded Assets.

(ii) CCU and certain CCU Group members designated by CCU, shall promptly accept, assume and agree to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

(iii) In furtherance of the assignment, transfer and conveyance of Excluded Assets and the assumption of Excluded Liabilities (A) Outdoor shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Outdoor's and its Subsidiaries' right, title and interest in and to the Excluded Assets to CCU and its Subsidiaries, and (B) CCU shall execute and deliver such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities by CCU. All of the foregoing documents contemplated by this Section 2.9(a)(iii) shall be referred to collectively herein as the "Outdoor Transfer Documents" and, together with the CCU Transfer Documents, the "Transfer Documents."

(iv) To the extent that the transfer of such Excluded Assets and the assumption of such Excluded Liabilities requires any Governmental Approvals or Consents, the parties shall use commercially reasonable efforts to obtain such Governmental Approvals and Consents; provided, however, that neither CCU nor Outdoor shall be obligated to contribute capital in any form to any entity in order to obtain such Governmental Approvals and Consents.

(v) If and to the extent that the valid, complete and perfected transfer or assignment to the CCU Group of any Excluded Assets or the assumption by the CCU Group of any Excluded Liabilities would be a violation of applicable Law or require any Consent or Governmental Approval, then, unless the parties mutually shall otherwise determine, the transfer or assignment to the CCU Group of such Excluded Assets or the assumption by the CCU Group of such Excluded Liabilities shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consents or Governmental Approvals have been obtained.

(b) If any transfer or assignment of any Excluded Asset intended to be transferred or assigned hereunder or any assumption of any Excluded Liability intended to be assumed by CCU hereunder is not consummated on the Closing Date, whether as a result of the failure to obtain any required Governmental Approvals or Consents or any other reason, then, insofar as reasonably possible, (i) the member of the Outdoor Group retaining such Excluded Asset shall thereafter hold such Excluded Asset for the use and benefit of CCU (at CCU's expense) and (ii) CCU shall, or shall cause its applicable Group member to, pay or reimburse the member of the Outdoor Group retaining such Excluded Liability for all amounts paid or incurred in connection with such Excluded Liability. In addition, the member of the Outdoor Group retaining such Excluded Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Excluded Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by CCU in order to place

CCU in the same position as if such Excluded Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Excluded Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset, is to inure from and after the Closing Date to the CCU Group.

(c) If and when the Consents and Governmental Approvals, the absence of which caused the deferral of transfer of any Excluded Asset or the deferral of assumption of any Excluded Liability, are obtained, the transfer or assignment of the applicable Excluded Asset or Excluded Liability shall be effected in accordance with the terms of this Agreement and/or the applicable Transfer Document.

(d) Any member of the Outdoor Group retaining an Excluded Asset or Excluded Liability due to the deferral of the transfer of such Excluded Asset or the deferral of the assumption of such Excluded Liability shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by CCU or the member of the CCU Group intended to be subject to the Excluded Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by CCU or the member of the CCU Group entitled to such Excluded Asset or intended to be subject to such Excluded Liability.

(e) Pursuant to and in accordance with this Section 2.9, the Excluded Assets and Excluded Liabilities relating to the businesses or the support of the businesses of the members of the CCU Group listed on Schedules 2.2(b)(i), 2.2(b)(ii) and 2.3(b)(iii), respectively, are to be transferred to CCU or its designated Group member on the Closing Date.

2.10 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES.

EACH OF CCU (ON BEHALF OF ITSELF AND EACH MEMBER OF THE CCU GROUP) AND OUTDOOR (ON BEHALF OF ITSELF AND EACH MEMBER OF THE OUTDOOR GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY TRANSACTION DOCUMENT, NO PARTY TO THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES CONTRIBUTED, TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY CONTRIBUTION, ASSIGNMENT, DOCUMENT, CERTIFICATE OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY TRANSACTION DOCUMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND,

IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

ARTICLE III
INTERCOMPANY TRANSACTIONS AS OF THE CLOSING DATE

3.1 Time and Place of Closing.

Subject to the terms and conditions of this Agreement, all transactions contemplated by this Agreement shall be consummated at a closing (the "Closing") to be held at such place as CCU and Outdoor mutually agree and on the date on which (and after) the Underwriting Agreement is executed and delivered by each of the parties thereto or at such other time as CCU and Outdoor may mutually agree (the day on which the Closing takes place being the "Closing Date").

3.2 Closing Transactions.

In each case subject to Section 3.7, after execution and delivery of the Underwriting Agreement by all parties thereto, at the Closing:

(a) The Separation shall be effected in accordance with this Agreement and the applicable Transfer Documents.

(b) The appropriate parties shall enter into, and (as necessary) shall cause the respective members of their Group to enter into, the agreements set forth below (collectively with the Transfer Documents, the "Transaction Documents"):

(i) the Corporate Services Agreement in the form attached as Exhibit A (the "Corporate Services Agreement");

(ii) the Registration Rights Agreement in the form attached as Exhibit B (the "Registration Rights Agreement");

(iii) the Tax Matters Agreement in the form attached as Exhibit C (the "Tax Matters Agreement");

(iv) the Employee Matters Agreement in the form attached as Exhibit D (the "Employee Matters Agreement"); and

(v) the Amended and Restated Trademark License Agreement in the form attached as Exhibit E (the "Trademark License Agreement").

3.3 Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws

At or prior to the Closing, CCU and Outdoor shall each take all necessary actions that may be required to provide for the adoption by Outdoor of the Amended and Restated Certificate of Incorporation of Outdoor in the form attached hereto as Exhibit F (the "Charter"), and the Amended and Restated Bylaws of Outdoor in the form attached hereto as Exhibit G (the "Bylaws"). The Charter and Bylaws shall be in full force and effect as of the Closing Date.

3.4 The Initial Public Offering.

The Initial Public Offering will be a primary offering of Class A Common Stock. Outdoor shall (a) consult with, and cooperate in all respects with, CCU in connection with the pricing of the Class A Common Stock to be offered in the Initial Public Offering; (b) at the direction of CCU, execute and deliver the Underwriting Agreement in such form and substance as is reasonably satisfactory to CCU; and (c) at the direction of CCU, promptly take any and all actions necessary or desirable to consummate the Initial Public Offering as contemplated by the IPO Registration Statement and the Underwriting Agreement.

3.5 Intercompany Notes.

At or prior to the Closing and as detailed in the IPO Registration Statement, the intercompany account balance of approximately **[$___]** million representing accounts payable and other accrued amounts owed to Outdoor by CCU will be applied to reduce the outstanding balance of the Intercompany Notes, and CCU will then contribute no less than **[$___]** million of the outstanding balance of the Intercompany Notes to the capital of Outdoor. All of the net cash proceeds of the Initial Public Offering will be used by Outdoor to repay the remaining outstanding balance of the Intercompany Notes. If the Underwriters do not exercise the Over-Allotment Option in full, thereby reducing the maximum net proceeds of the Initial Public Offering, Outdoor will issue additional shares of Class B Common Stock to CCU in exchange for the extinguishment of the remaining outstanding balance of the Intercompany Notes and the accrued interest thereon. The aggregate number of shares of Class B Common Stock so distributed will equal the difference of (a) the number of shares of Class A Common Stock subject to the Over-Allotment Option, less (b) the actual number of shares of Class A Common Stock purchased by the Underwriters pursuant to the Over-Allotment Option. Upon completion of the Initial Public Offering and the payment in full of the Intercompany Notes, the Outdoor Group will continue to owe senior unsecured indebtedness to CCU of $2.5 billion, as evidenced by a Senior Unsecured Term Promissory Note, dated August 2, 2005 in the original principal amount of $2.5 billion (the "Existing CCU Indebtedness").

3.6 Reclassification of Outstanding Outdoor Common Stock into Class B Common Stock.

Prior to the consummation of the Initial Public Offering, CCU and Outdoor will each take all actions (including, without limitation, such actions that are required to effect the adoption by Outdoor of the Charter) that CCU determines, in its sole discretion, may be required to provide

for the reclassification of the issued and outstanding shares of Outdoor Common Stock then held by CCU into shares of Class B Common Stock.

3.7 Rescission.

NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, IF DELIVERY OF THE FIRM PUBLIC OFFERING SHARES TO THE UNDERWRITERS AGAINST PAYMENT THEREFOR IS NOT COMPLETE WITHIN FOUR (4) BUSINESS DAYS AFTER THE CLOSING DATE, ALL TRANSACTIONS THERETOFORE COMPLETED UNDER THIS AGREEMENT OR ANY OF THE TRANSACTION DOCUMENTS SHALL IMMEDIATELY BE RESCINDED IN ALL RESPECTS AND THIS AGREEMENT AND ALL OF THE TRANSACTION DOCUMENTS SHALL TERMINATE AND ALL ASSETS TRANSFERRED PURSUANT TO THE TRANSACTION DOCUMENTS SHALL BE RETURNED TO THE ENTITIES THAT TRANSFERRED SUCH ASSETS, AND ALL ASSUMPTIONS OF LIABILITIES HEREUNDER AND THEREUNDER SHALL BE RESCINDED AND NULLIFIED.

ARTICLE IV
FINANCIAL AND OTHER INFORMATION

4.1 Financial and Other Information.

(a) Financial Information. Outdoor agrees that, for so long as CCU is required to either consolidate the results of operations and financial position of Outdoor and the other members of the Outdoor Group with the results of operations and financial position of CCU, or to account for its investment in Outdoor under the equity method of accounting (determined in accordance with GAAP and consistent with SEC reporting requirements):

(i) Disclosure of Financial Controls. Outdoor will, and will cause each other member of the Outdoor Group to, maintain, as of and after the Closing Date, disclosure controls and procedures and internal control over financial reporting as defined in Exchange Act Rule 13a-15 promulgated under the Exchange Act; Outdoor will cause each of its principal executive and principal financial officers to sign and deliver certifications to Outdoor's periodic reports and will include the certifications in Outdoor's periodic reports, as and when required pursuant to Exchange Act Rule 13a-14 and Item 601 of Regulation S-K; Outdoor will cause its management to evaluate Outdoor's disclosure controls and procedures and internal control over financial reporting (including any change in internal control over financial reporting) as and when required pursuant to Exchange Act Rule 13a-15; Outdoor will disclose in its periodic reports filed with the SEC information concerning Outdoor management's responsibilities for and evaluation of Outdoor's disclosure controls and procedures and internal control over financial reporting (including, without limitation, the annual management report and attestation report of Outdoor's independent auditors relating to internal control over financial reporting) as and when required under Items 307 and 308 of Regulation S-K and other applicable SEC rules; and, without limiting the general application of the foregoing, Outdoor will, and will cause each other member of the Outdoor Group to, maintain as of and after the Closing Date internal systems and procedures that will provide reasonable

assurance that (A) the Financial Statements are reliable and timely prepared in accordance with GAAP and applicable law, (B) all transactions of members of the Outdoor Group are recorded as necessary to permit the preparation of the Financial Statements, (C) the receipts and expenditures of members of the Outdoor Group are authorized at the appropriate level within Outdoor, and (D) unauthorized use or disposition of the assets of any member of the Outdoor Group that could have material effect on the financial statements of the Outdoor Group is prevented or detected in a timely manner.

(ii) Fiscal Year. Outdoor will, and will cause each member of the Outdoor Group organized in the United States to, maintain a fiscal year that commences and ends on the same calendar day as CCU's fiscal year commences and ends, and to maintain monthly accounting periods that commence and end on the same calendar days as CCU's monthly accounting periods commence and end.

(iii) Monthly Financial Reports. No later than ten (10) Business Days after the end of the first three monthly accounting periods of Outdoor following the Closing Date, Outdoor will deliver to CCU a consolidated income statement and balance sheet for Outdoor for such period and an income statement and balance sheet for each Outdoor Affiliate that is consolidated with Outdoor in such format and detail as CCU may request, and no later than twelve (12) Business Days after the end of each of the first three (3) monthly accounting periods of Outdoor following the Closing Date, Outdoor will deliver to CCU a consolidated statement of cash flow for Outdoor for such period and statement of cash flow for each Outdoor Affiliate that is consolidated with Outdoor, as the case may be, in such format and detail as CCU may request. No later than five (5) Business Days after the end of each monthly accounting period of Outdoor thereafter (including the last monthly accounting period of Outdoor of each fiscal year), Outdoor will deliver to CCU a consolidated income statement, balance sheet and statement of cash flow for Outdoor for such period and an income statement, balance sheet and statement of cash flow for each Outdoor Affiliate that is consolidated with Outdoor, as the case may be, in such format and detail as CCU may request.

(iv) Quarterly Financial Statements. As soon as practicable, and in any event no later than the earlier of (x) ten (10) Business Days prior to the date on which Outdoor is required to file a Form 10-Q or other document containing Quarterly Financial Statements with the SEC for each of the first three (3) fiscal quarters in each fiscal year of Outdoor, and (y) five (5) Business Days prior to the date on which CCU has notified Outdoor that CCU intends to file its Form 10-Q or other document containing quarterly financial statements with the SEC, Outdoor will deliver to CCU drafts of (A) the consolidated financial statements of the Outdoor Group (and notes thereto) for such periods and for the period from the beginning of the current fiscal year to the end of such quarter, setting forth in each case in comparative form for each such fiscal quarter of Outdoor the consolidated figures (and notes thereto) for the corresponding quarter and periods of the previous fiscal year and all in reasonable detail and prepared in accordance with Article 10 of Regulation S-X and GAAP, and (B) a discussion and analysis by Outdoor's management of the Outdoor Group's financial condition and results of operations for such fiscal period, including, without limitation, an explanation of any

material period-to-period change and any off-balance sheet transactions, all in reasonable detail and prepared in accordance with Item 303(b) of Regulation S-K; provided, however, that Outdoor will deliver such information at such earlier time upon CCU's written request with thirty (30) days' notice resulting from CCU's determination to accelerate the timing of the filing of its financial statements with the SEC. The information set forth in clauses (A) and (B) above is referred to in this Agreement as the "Quarterly Financial Statements." No later than the earlier of (1) three (3) Business Days prior to the date Outdoor publicly files the Quarterly Financial Statements with the SEC or otherwise makes such Quarterly Financial Statements publicly available, and (2) three (3) Business Days prior to the date on which CCU has notified Outdoor that CCU intends to file its quarterly financial statements with the SEC, Outdoor will deliver to CCU the final form of the Quarterly Financial Statements and certifications thereof by the principal executive and financial officers of Outdoor in the forms required under SEC rules for periodic reports; provided, however, that Outdoor may continue to revise such Quarterly Financial Statements prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered by Outdoor to CCU as soon as practicable, and in any event within eight (8) hours thereafter; provided, further, that CCU's and Outdoor's financial Representatives will actively consult with each other regarding any changes (whether or not substantive) that Outdoor may consider making to the Quarterly Financial Statements and related disclosures during the two (2) Business Days immediately prior to any anticipated filing with the SEC, with particular focus on any changes which would have an effect upon CCU's financial statements or related disclosures. In addition to the foregoing, no Quarterly Financial Statement or any other document which refers to, or contains information not previously publicly disclosed with respect to, CCU's ownership interest in Outdoor or the Separation will be filed with the SEC or otherwise made public by any Outdoor Group member without the prior written consent of CCU. Notwithstanding anything to the contrary in this Section 4.1(a)(iv), Outdoor will file the Quarterly Financial Statements with the SEC on the same date and at substantially the same time that CCU files its quarterly financial statements with the SEC unless otherwise required by applicable law.

(v) Annual Financial Statements. As soon as practicable, and in any event no later than the earlier of (x) ten (10) Business Days prior to the date on which Outdoor is required to file a Form 10-K or other document containing its Annual Financial Statements with the SEC, and (y) ten (10) Business Days prior to the date on which CCU has notified Outdoor that CCU intends to file its Form 10-K or other document containing annual financial statements with the SEC, Outdoor will deliver to CCU (A) drafts of the consolidated financial statements of the Outdoor Group (and notes thereto) for such year, setting forth in each case in comparative form the consolidated figures (and notes thereto) for the previous fiscal year and all in reasonable detail and prepared in accordance with Regulation S-X and GAAP, and (B) a discussion and analysis by Outdoor's management of the Outdoor Group's financial condition and results of operations for such year, including, without limitation, an explanation of any material period-to-period change and any off-balance sheet transactions, all in reasonable detail and prepared in accordance with Item 303(a) of Regulation S-K. The information set forth in clauses (A) and (B) above is referred to in this Agreement as the "Annual Financial Statements." Outdoor will deliver to CCU all revisions to such drafts as soon as

any such revisions are prepared or made. No later than the earlier of (1) five (5) Business Days prior to the date Outdoor publicly files the Annual Financial Statements with the SEC or otherwise makes such Annual Financial Statements publicly available, and (2) five (5) Business Days prior to the date on which CCU has notified Outdoor that CCU intends to file its annual financial statements with the SEC, Outdoor will deliver to CCU the final form of the Outdoor Annual Financial Statements and certifications thereof by the principal executive and financial officers of Outdoor in the forms required under SEC rules for periodic reports; provided, however, that Outdoor may continue to revise such Annual Financial Statements prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered by Outdoor to CCU as soon as practicable, and in any event within eight (8) hours thereafter; provided, further, that CCU and Outdoor financial Representatives will actively consult with each other regarding any changes (whether or not substantive) which Outdoor may consider making to the Annual Financial Statements and related disclosures during the three (3) Business Days immediately prior to any anticipated filing with the SEC, with particular focus on any changes which would have an effect upon CCU's financial statements or related disclosures. In addition to the foregoing, no Annual Financial Statement or any other document which refers to, or contains information not previously publicly disclosed with respect to, CCU's ownership interest in Outdoor or the Separation will be filed with the SEC or otherwise made public by any Outdoor Group member without the prior written consent of CCU, except to the extent required by applicable law. In any event, Outdoor will deliver to CCU, no later than three (3) Business Days prior to the date on which CCU has notified Outdoor that CCU intends to file its annual financial statements with the SEC, the final form of the Annual Financial Statements accompanied by an opinion thereon by Outdoor's independent certified public accountants. Notwithstanding anything to the contrary in this Section 4.1(a)(v), Outdoor will file the Annual Financial Statements with the SEC on the same date and at substantially the same time that CCU files its annual financial statements with the SEC unless otherwise required by applicable law.

(vi) Affiliate Financial Statements. Outdoor will deliver to CCU all Quarterly Financial Statements and Annual Financial Statements of each Outdoor Affiliate which is itself required to file financial statements with the SEC or otherwise make such financial statements publicly available, with such financial statements to be provided in the same manner and detail and on the same time schedule as those financial statements of Outdoor required to be delivered to CCU pursuant to this Section 4.1.

(vii) Conformance with CCU Financial Presentation. All information provided by any Outdoor Group member to CCU or filed with the SEC pursuant to Sections 4.1(a)(iii) through (vi) inclusive will be consistent in terms of format and detail and otherwise with CCU's policies with respect to the application of GAAP and practices in effect on the Closing Date with respect to the provision of such financial information by such Outdoor Group member to CCU (and, where appropriate, as presently presented in financial reports to CCU's board of directors), with such changes therein as may be requested by CCU from time to time consistent with changes in such accounting principles and practices.

(viii) Outdoor Reports Generally. Each Outdoor Group member that files information with the SEC will deliver to CCU: (A) substantially final drafts, as soon as the same are prepared, of (x) all reports, notices and proxy and information statements to be sent or made available by such Outdoor Group member to its respective security holders, (y) all regular, periodic and other reports to be filed or furnished under Sections 13, 14 and 15 of the Exchange Act (including Reports on Forms 10-K, 10-Q and 8-K and Annual Reports to Shareholders), and (z) all registration statements and prospectuses to be filed by such Outdoor Group member with the SEC or any securities exchange pursuant to the listed company manual (or similar requirements) of such exchange (collectively, the documents identified in clauses (x), (y) and (z) above are referred to as the "Outdoor Public Documents"); and (B) as soon as practicable, but in no event later than four (4) Business Days (other than with respect to Current Reports on Form 8-K) prior to the earliest of the dates the same are printed, sent or filed, current drafts of all such Outdoor Public Documents and, with respect to Current Reports on Form 8-K, as soon as practicable, but in no event later than two (2) Business Days prior to the earliest of the dates the same are printed, sent or filed in the case of planned Current Reports on Form 8-K and as soon as practicable, but in no event less than two (2) hours in the case of unplanned Current Reports on Form 8-K; provided, however, that Outdoor may continue to revise such Outdoor Public Documents prior to the filing thereof in order to make corrections and non-substantive changes which corrections and changes will be delivered by Outdoor to CCU as soon as practicable, and in any event within eight (8) hours thereafter; provided, further, that CCU and Outdoor financial Representatives will actively consult with each other regarding any changes (whether or not substantive) which Outdoor may consider making to any of its Outdoor Public Documents and related disclosures prior to any anticipated filing with the SEC, with particular focus on any changes which would have an effect upon CCU's financial statements or related disclosures. In addition to the foregoing, no Outdoor Public Document or any other document which refers to, or contains information not previously publicly disclosed with respect to, CCU's ownership interest in Outdoor or the Separation will be filed with the SEC or otherwise made public by any Outdoor Group member without the prior written consent of CCU, except as required by applicable law.

(ix) Budgets and Financial Projections. Outdoor will, as promptly as practicable, deliver to CCU copies of all annual and other budgets and financial projections (consistent in terms of format and detail and otherwise required by CCU) relating to the Outdoor Group on a consolidated basis and will provide CCU an opportunity to meet with management of Outdoor to discuss such budgets and projections.

(x) Other Information. With reasonable promptness, Outdoor will deliver to CCU such additional financial and other information and data with respect to the Outdoor Group and their business, properties, financial positions, results of operations and prospects as from time to time may be reasonably requested by CCU.

(xi) Press Releases and Similar Information. Outdoor and CCU will consult with each other as to the timing of their annual and quarterly earnings releases and any interim financial guidance for a current or future period and will give each other the

opportunity to review the information therein relating to the Outdoor Group and to comment thereon. CCU and Outdoor will make commercially reasonable efforts to issue their respective annual and quarterly earnings releases at approximately the same time on the same date. No later than eight (8) hours prior to the time and date that a party intends to publish its regular annual or quarterly earnings release or any financial guidance for a current or future period, such party will deliver to the other party copies of substantially final drafts of all press releases and other statements to be made available by any member of that party's Group to employees of any member of that party's Group or to the public concerning any matters that could be reasonably likely to have a material financial impact on the earnings, results of operations, financial condition or prospects of any Outdoor Group member. In addition, prior to the issuance of any such press release or public statement that meets the criteria set forth in the preceding two sentences, the issuing party will consult with the other party regarding any changes (other than typographical or other similar minor changes) to such substantially final drafts. Immediately following the issuance thereof, the issuing party will deliver to the other party copies of final drafts of all press releases and other public statements.

(xii) Cooperation on CCU Filings. Outdoor will cooperate fully, and will cause Outdoor Auditors to cooperate fully, with CCU to the extent requested by CCU in the preparation of CCU's public earnings or other press releases, Quarterly Reports on Form 10-Q, Annual Reports to Shareholders, Annual Reports on Form 10-K, any Current Reports on Form 8-K and any other proxy, information and registration statements, reports, notices, prospectuses and any other filings made by CCU with the SEC, any national securities exchange or otherwise made publicly available (collectively, the "CCU Public Filings"). Outdoor agrees to provide to CCU all information that CCU reasonably requests in connection with any CCU Public Filings or that, in the judgment of CCU's legal department, is required to be disclosed or incorporated by reference therein under any law, rule or regulation. Outdoor will provide such information in a timely manner on the dates requested by CCU (which may be earlier than the dates on which Outdoor otherwise would be required hereunder to have such information available) to enable CCU to prepare, print and release all CCU Public Filings on such dates as CCU will determine but in no event later than as required by applicable law. Outdoor will use commercially reasonable efforts to cause Outdoor Auditors to consent to any reference to them as experts in any CCU Public Filings required under any law, rule or regulation. If and to the extent requested by CCU, Outdoor will diligently and promptly review all drafts of such CCU Public Filings and prepare in a diligent and timely fashion any portion of such CCU Public Filing pertaining to Outdoor. Prior to any printing or public release of any CCU Public Filing, an appropriate executive officer of Outdoor will, if requested by CCU, certify that the information relating to any Outdoor Group member or the Outdoor Business in such CCU Public Filing is accurate, true, complete and correct in all material respects. Unless required by law, rule or regulation, Outdoor will not publicly release any financial or other information which conflicts with the information with respect to any Outdoor Group member or the Outdoor Business that is included in any CCU Public Filing without CCU's prior written consent. Prior to the release or filing thereof, CCU will provide Outdoor with a draft of any portion of a CCU Public Filing containing information relating to the Outdoor Group and will give Outdoor an opportunity to review such information and comment thereon; provided that, CCU

will determine in its sole and absolute discretion the final form and content of all CCU Public Filings.

(b) Auditors and Audits; Annual Statements and Accounting. Outdoor agrees that, for so long as CCU is required to either consolidate the results of operations and financial position of Outdoor and any members of the Outdoor Group, or to account for its investment in Outdoor under the equity method of accounting (in accordance with GAAP and consistent with SEC reporting requirements):

(i) Selection of Outdoor Auditors. Unless required by law, Outdoor will not select a different accounting firm than Ernst & Young LLP (or its affiliate accounting firms) (unless so directed by CCU in accordance with a change by CCU in its accounting firm) to serve as its (and the Outdoor Group's) independent certified public accountants ("Outdoor Auditors"), without CCU's prior written consent (which will not be unreasonably withheld); provided, however, that, to the extent any members of the Outdoor Group are currently using a different accounting firm to serve as their independent certified public accountants, such members of the Outdoor Group may continue to use such accounting firm provided such accounting firm is reasonably satisfactory to CCU.

(ii) Audit Timing. Outdoor will use commercially reasonable efforts to enable Outdoor Auditors to complete their audit such that they will be able to date their opinion on the Annual Financial Statements on the same date that CCU's independent certified public accountants ("CCU Auditors") date their opinion on CCU's audited annual financial statements (the "CCU Annual Statements"), and to enable CCU to meet its schedule for the printing, filing and public dissemination of the CCU Annual Statements, all in accordance with Section 4.1(a) hereof and as required by applicable law.

(iii) Information Needed by CCU. Outdoor will provide to CCU on a timely basis all information that CCU reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of the CCU Annual Statements in accordance with Section 4.1(a) hereof and as required by applicable law. Without limiting the generality of the foregoing, Outdoor will provide all required financial information with respect to the Outdoor Group to Outdoor Auditors in a sufficient and reasonable time and in sufficient detail to permit Outdoor Auditors to take all steps and perform all reviews necessary to provide sufficient assistance to CCU Auditors with respect to information to be included or contained in the CCU Annual Statements.

(iv) Access to Outdoor Auditors. Outdoor will authorize Outdoor Auditors to make available to CCU Auditors the personnel who performed, or are performing, the annual audit of Outdoor as well as the work papers related to the annual audit of Outdoor, in all cases within a reasonable time prior to the date of the Outdoor Auditors' opinion on the Annual Financial Statements, so that CCU Auditors are able to perform the procedures they consider necessary to take responsibility for the work of Outdoor Auditors as it relates to CCU Auditors' report on the CCU Annual Statements, all within sufficient time to enable CCU to meet its schedule for the preparation, printing, filing and public dissemination of the CCU Annual Statements.

(v) Access to Records. If CCU determines in good faith that there may be any inaccuracy in an Outdoor Group member's financial statements or deficiency in an Outdoor Group member's internal accounting controls or operations that could materially impact CCU's financial statements, at CCU's request, Outdoor will provide CCU's internal auditors with access to the Outdoor Group's books and records so that CCU may conduct reasonable audits relating to the financial statements provided by Outdoor under this Agreement as well as to the internal accounting controls and operations of the Outdoor Group.

(vi) Notice of Changes. Subject to Section 4.1(a)(vii), Outdoor will give CCU as much prior notice as reasonably practicable of any proposed determination of, or any significant changes in, Outdoor's accounting estimates or accounting principles from those in effect on the Closing Date. Outdoor will consult with CCU and, if requested by CCU, Outdoor will consult with CCU Auditors with respect thereto. Outdoor will not make any such determination or changes without CCU's prior written consent if such a determination or a change would be sufficiently material to be required to be disclosed in Outdoor's or CCU's financial statements as filed with the SEC or otherwise publicly disclosed therein.

(vii) Accounting Changes Requested by CCU. Notwithstanding Section 4(a)(vi), Outdoor will make any changes in its accounting estimates or accounting principles that are requested by CCU in order for Outdoor's accounting practices and principles to be consistent with those of CCU.

(viii) Special Reports of Deficiencies or Violations. Outdoor will report in reasonable detail to CCU the following events or circumstances promptly after any executive officer of Outdoor or any member of the Outdoor board of directors becomes aware of such matter: (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Outdoor's ability to record, process, summarize and report financial information; (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Outdoor's internal control over financial reporting; (C) any illegal act within the meaning of Section 10A(b) and (f) of the Exchange Act; and (D) any report of a material violation of law that an attorney representing any Outdoor Group member has formally made to any officers or directors of Outdoor pursuant to the SEC's attorney conduct rules (17 C.F.R. Part 205).

4.2 Agreement for Exchange of Information; Archives.

(a) Each of CCU and Outdoor, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Closing Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claim, regulatory, litigation, tax

or other similar requirements, in each case other than claims or allegations that one party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any Transaction Document; provided, however, that in the event that any party reasonably determines that any such provision of Information could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, the parties shall take all commercially reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Closing Date, Outdoor shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the Outdoor Business that are located in archives retained or maintained by any member of the CCU Group. Outdoor may obtain copies (but not originals unless it is an Outdoor Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes; provided that, Outdoor shall cause any such objects to be returned promptly in the same condition in which they were delivered to Outdoor, and Outdoor shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to CCU. Outdoor shall pay the applicable fee or rate per hour for archive research services (subject to increase from time to time to reflect rates then in effect for CCU generally). Nothing herein shall be deemed to restrict the access of any member of the CCU Group to any such documents or objects or to impose any liability on any member of the CCU Group if any such documents or objects are not maintained or preserved by CCU.

(c) After the Closing Date, CCU shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the businesses of any member of the CCU Group that are located in archives retained or maintained by any member of the Outdoor Group. CCU may obtain copies (but not originals unless it is not an Outdoor Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes; provided that, CCU shall cause any such objects to be returned promptly in the same condition in which they were delivered to CCU, and CCU shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to Outdoor. CCU shall pay the applicable fee or rate per hour for archive research services (subject to increase from time to time to reflect rates then in effect for Outdoor generally). Nothing herein shall be deemed to restrict the access of any member of the Outdoor Group to any such documents or objects or to impose any liability on any member of the Outdoor Group if any such documents or objects are not maintained or preserved by Outdoor.

4.3 Ownership of Information.

Any Information owned by a member of a Group that is provided to a requesting party pursuant to Section 4.2 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

4.4 Compensation for Providing Information.

The party requesting Information agrees to reimburse the party providing Information for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party. Except as may be otherwise specifically provided elsewhere in this Agreement, the Transaction Documents or in any other agreement between the parties, such costs shall be computed in accordance with the providing party's standard methodology and procedures.

4.5 Record Retention.

To facilitate the possible exchange of Information pursuant to this Article IV and other provisions of this Agreement and the Transaction Documents, after the Closing Date, the parties agree to use commercially reasonable efforts to retain all Information in their respective possession or control in accordance with the policies of CCU as in effect on the Closing Date or such other policies as may be reasonably adopted by the appropriate party after the Closing Date. No party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement prior to the seventh anniversary of the date hereof without first notifying the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to Taxes or employee benefits, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof); provided, further, however, no party will destroy, or permit any of its Subsidiaries to destroy, any Information required to be retained by applicable Law.

4.6 Liability.

No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after commercially reasonable efforts by such party to comply with the provisions of Section 4.5.

4.7 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article IV are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Transaction Document.

(b) When any Information provided by one Group to the other Group (other than Information provided pursuant to Section 4.5) is no longer needed for the purposes contemplated by this Agreement or any other Transaction Document or is no longer required to be retained by applicable Law, the receiving party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

4.8 Production of Witnesses; Records; Cooperation.

(a) After the Closing Date, except in the case of an adversarial Action by one or more members of one Group against one or more members of the other Group, each party hereto shall use commercially reasonable efforts to make available to each other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or IP Application in which the requesting party may from time to time be involved, regardless of whether such Action or IP Application is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third Party Claim, the parties shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or the prosecution, evaluation or pursuit thereof, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions, except in the case of an adversarial Action by one or more members of one Group against one or more members of the other Group.

(d) Without limiting any provision of this Section, each of the parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any intellectual property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim except as required by Law.

(e) The obligation of the parties to provide witnesses pursuant to this Section 4.8 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 4.8(a)).

(f) In connection with any matter contemplated by this Section 4.8, the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent

practicable any applicable attorney-client privilege, work product immunity or other applicable privileges or immunities of any member of any Group.

4.9 Privilege.

The provision of any information pursuant to this Article IV shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privileges (a "Privilege"). Following the Closing Date, neither Outdoor or its Subsidiaries nor CCU or its Subsidiaries will be required to provide any information pursuant to this Article IV if the provision of such information would serve as a waiver of any Privilege afforded such information.

ARTICLE V
RELEASE; INDEMNIFICATION

5.1 Release of Pre-Closing Claims.

(a) Except (i) as provided in Section 5.1(c), (ii) as may provided in any Transaction Document and (iii) for any matter for which an Outdoor Indemnified Party is entitled to indemnification or contribution pursuant to Section 5.3, 5.4 or 5.5, effective as of the Closing Date, Outdoor, for itself and each other member of the Outdoor Group, their respective Affiliates and all Persons who at any time prior to the Closing Date were directors, officers, agents or employees of any member of the Outdoor Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, does hereby remise, release and forever discharge CCU and the other members of the CCU Group, their respective Affiliates and all Persons who at any time prior to the Closing Date were shareholders, directors, officers, agents or employees of any member of the CCU Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Closing Date, including in connection with the transactions and all other activities to implement the Separation, the Initial Public Offering and any of the other transactions contemplated hereunder and under the Transaction Documents.

(b) Except (i) as provided in Section 5.1(c), (ii) as may be provided in any Transaction Document and (iii) for any matter for which a CCU Indemnified Party is entitled to indemnification or contribution pursuant to Section 5.2, 5.4 or 5.5, effective as of the Closing Date, CCU, for itself and each other member of the CCU Group, their respective Affiliates and all Persons who at any time prior to the Closing Date were directors, officers, agents or employees of any member of the CCU Group (in their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, does hereby remise, release and forever discharge Outdoor and the other members of the Outdoor Group, their respective Affiliates and all Persons who at any time prior to the Closing Date were shareholders, directors, officers, agents or employees of any member of the Outdoor Group (in

their respective capacities as such), in each case, together with their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Closing Date, including in connection with the transactions and all other activities to implement the Separation, the Initial Public Offering and any of the other transactions contemplated hereunder and under the Transaction Documents.

(c) Nothing contained in Section 5.1(a) or Section 5.1(b) shall impair any right of any Person to enforce this Agreement, any Transaction Document or any agreements, arrangements, commitments or understandings to continue in effect after the Closing Date in accordance with Section 2.4(b), in each case in accordance with its terms. Nothing contained in Section 5.1(a) or Section 5.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the CCU Group or the Outdoor Group that is to continue in effect after the Closing Date in accordance with Section 2.4(b), or any other Liability specified in such Section 2.4(b) not to terminate as of the Closing Date;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of such Group under, this Agreement or any Transaction Document;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Closing Date;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group; or

(v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement or otherwise for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article V and, if applicable, the appropriate provisions of the Transaction Documents.

In addition, nothing contained in Section 5.1(a) shall release CCU from indemnifying any director, officer or employee of Outdoor who was a director, officer or employee of CCU or any of its Affiliates on or prior to the Closing Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then existing obligations.

(d) Outdoor shall not make, and shall not permit any member of the Outdoor Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against CCU or any member of the CCU Group, or any other Person released pursuant to Section 5.1(a), with respect to any

Liabilities released pursuant to Section 5.1(a). CCU shall not, and shall not permit any member of the CCU Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against Outdoor or any member of the Outdoor Group, or any other Person released pursuant to Section 5.1(b), with respect to any Liabilities released pursuant to Section 5.1(b).

(e) It is the intent of each of CCU and Outdoor, by virtue of the provisions of this Section 5.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Closing Date, whether known or unknown, between or among Outdoor or any member of the Outdoor Group, on the one hand, and CCU or any member of the CCU Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Closing Date), except as expressly set forth in Sections 5.1 (a), (b) and (c). At any time, at the request of any other party, each party shall cause each member of its respective Group and each other Person on whose behalf it released Liabilities pursuant to this Section 5.1 to execute and deliver releases reflecting the provisions hereof.

5.2 General Indemnification by Outdoor.

Except as provided in Section 5.5, Outdoor shall, and shall cause the other members of the Outdoor Group to, jointly and severally, indemnify, defend and hold harmless on an After-Tax Basis each member of the CCU Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "CCU Indemnified Parties"), from and against any and all Liabilities of the CCU Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of Outdoor or any other member of the Outdoor Group or any other Person to pay, perform or otherwise promptly discharge any Outdoor Liabilities or Outdoor Contract in accordance with its respective terms, whether prior to or after the Closing Date;

(b) any Outdoor Liability or any Outdoor Contract;

(c) the CCU Guarantees and, except to the extent it relates to an Excluded Liability, any other guarantee, indemnification obligation, surety bond or other credit support agreement, arrangement, commitment or understanding by any member of the CCU Group for the benefit of any member of the Outdoor Group that survives the Closing;

(d) any breach by any member of the Outdoor Group of this Agreement or any of the Transaction Documents or any action by Outdoor in contravention of the Charter or Bylaws; and

(e) any untrue statement or alleged untrue statement of a material fact contained in any CCU Public Filing or any other document filed with the SEC by any member of the CCU Group pursuant to the Securities Act or the Exchange Act, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case

to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any member of the CCU Group by any member of the Outdoor Group or incorporated by reference by any member of the CCU Group from any filings made by any member of the Outdoor Group with the SEC pursuant to the Securities Act or the Exchange Act, and then only if that statement or omission was made or occurred after the Closing Date.

5.3 General Indemnification by CCU.

Except as provided in Section 5.5, CCU shall indemnify, defend and hold harmless on an After-Tax Basis each member of the Outdoor Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Outdoor Indemnified Parties"), from and against any and all Liabilities of the Outdoor Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of any member of the CCU Group or any other Person to pay, perform or otherwise promptly discharge any Liabilities of the CCU Group other than the Outdoor Liabilities, whether prior to or after the Closing Date or the date hereof;

(b) any Excluded Liability or any Liability of a member of the CCU Group other than the Outdoor Liabilities;

(c) any breach by any member of the CCU Group of this Agreement or any of the Transaction Documents; and

(d) any untrue statement or alleged untrue statement of a material fact contained in any document filed with the SEC by any member of the Outdoor Group pursuant to the Securities Act or the Exchange Act other than the IPO Registration Statement or Prospectus, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any member of the Outdoor Group by any member of the CCU Group or incorporated by reference by any member of the Outdoor Group from any CCU Public Filings or any other document filed with the SEC by any member of the CCU Group pursuant to the Securities Act or the Exchange Act, and then only if that statement or omission was made or occurred after the Closing Date.

5.4 Registration Statement Indemnification.

(a) Outdoor agrees to indemnify and hold harmless on an After-Tax Basis the CCU Indemnified Parties and each Person, if any, who controls any member of the CCU Group within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all Liabilities arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the IPO Registration Statement or Prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except to the extent

such Liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which has been made therein or omitted therefrom in reliance upon and in conformity with information provided by a member of the CCU Group expressly for use in the IPO Registration Statement or Prospectus or information relating to any underwriter furnished to Outdoor by or on behalf of such underwriter expressly for use in the IPO Registration Statement or Prospectus, all of which such statements that have been furnished by the CCU Group being set forth on Schedule 5.4(a) hereto.

(b) CCU agrees to indemnify and hold harmless on an After-Tax Basis Outdoor and its Subsidiaries and any of their respective directors or officers who sign the IPO Registration Statement, and any person who controls Outdoor within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all Liabilities arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in the IPO Registration Statement or Prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such Liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission with respect to information provided by a CCU Group member expressly for use in the IPO Registration Statement or Prospectus, all of which such statements that have been furnished by the CCU Group being set forth on Schedule 5.4(a) hereto.

5.5 Contribution.

(a) If the indemnification provided for in this Article V is unavailable to, or insufficient to hold harmless on an After-Tax Basis, an Indemnified Party under Section 5.2(e), Section 5.3(d) or Section 5.4 in respect of any Liabilities referred to therein, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party in connection with the actions or omissions that resulted in Liabilities as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. For purposes of this Section 5.5(a), the information set forth in the IPO Registration Statement that is described on Schedule 5.4(a) shall be the only "information supplied by" any member of the CCU Group.

(b) The parties agree that it would not be just and equitable if contribution pursuant to this Section 5.5 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 5.5(a). The amount paid or payable by an Indemnified Party as a result of the Liabilities referred to in Section 5.5(a) shall be deemed to include, subject to the limitations set forth above, any legal or other fees or expenses reasonably incurred by such Indemnified Party in connection with investigating any claim or defending any Action. Notwithstanding the provisions of this Section 5.5, CCU shall not be required to contribute any amount that, together with the amount of any damages that CCU has otherwise been required to pay by reason of such untrue or alleged

untrue statement or omission or alleged omission, exceeds the benefits received solely by CCU from the Initial Public Offering (excluding benefits received by the Company and all other parties). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

5.6 Indemnification Obligations Net of Insurance Proceeds and Other Amounts on an After-Tax Basis.

(a) Any Liability subject to indemnification or contribution pursuant to this Article V will be net of Insurance Proceeds that actually reduce the amount of the Liability and will be determined on an After-Tax Basis. Accordingly, the amount which any Person is required to pay pursuant to this Article V (an "Indemnifying Party") to any Person entitled to indemnification or contribution pursuant to this Article V (an "Indemnified Party") will be reduced by any Insurance Proceeds theretofore actually recovered by or on behalf of the Indemnified Party in respect of the related Liability. If an Indemnified Party receives a payment required by this Agreement from an Indemnifying Party in respect of any Liability (an "Indemnity Payment") and subsequently receives Insurance Proceeds, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(b) An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification and contribution provisions hereof, have any subrogation rights with respect thereto. The Indemnified Party shall use commercially reasonable efforts to seek to collect or recover any third-party Insurance Proceeds (other than Insurance Proceeds under an arrangement where future premiums are adjusted to reflect prior claims in excess of prior premiums) to which the Indemnified Party is entitled in connection with any Liability for which the Indemnified Party seeks contribution or indemnification pursuant to this Article V; provided that, the Indemnified Party's inability to collect or recover any such Insurance Proceeds shall not limit the Indemnifying Party's obligations hereunder.

(c) The term "After-Tax Basis" as used in this Article V means that, in determining the amount of the payment necessary to indemnify any party against, or reimburse any party for, Liabilities, the amount of such Liabilities will be determined net of any reduction in Tax derived by the Indemnified Party as the result of sustaining or paying such Liabilities, and the amount of such Indemnity Payment will be increased (*i.e*., "grossed up") by the amount necessary to satisfy any income or franchise Tax liabilities incurred by the Indemnified Party as a result of its receipt of, or right to receive, such Indemnity Payment (as so increased), so that the Indemnified Party is put in the same net after-Tax economic position as if it had not incurred such Liabilities, in each case without taking into account any impact on the tax basis that an Indemnified Party has in its assets.

5.7 Procedures for Indemnification of Third Party Claims.

(a) If an Indemnified Party shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the CCU Group or the Outdoor Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 5.2, Section 5.3 or Section 5.4, or any other Section of this Agreement or any Transaction Document, such Indemnified Party shall give such Indemnifying Party written notice thereof within 20 days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnified Party or other Person to give notice as provided in this Section 5.7(a) shall not relieve the Indemnifying Party of its obligations under this Article V, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within 30 days after receipt of notice from an Indemnified Party in accordance with Section 5.7(a) (or sooner, if the nature of such Third Party Claim so requires), an Indemnifying Party electing to defend a Third Party Claim shall notify the Indemnified Party of its election to assume responsibility for defending such Third Party Claim and shall acknowledge and agree in writing that if such Third Party Claim is adversely determined, such Indemnifying Party will have the obligation to indemnify the Indemnified Party in respect of all liabilities relating to, arising out of or resulting from such Third Party Claim and that such Indemnifying Party irrevocably waives in full all defenses it may have to contest such obligation. After such notice and acknowledgment from an Indemnifying Party to an Indemnified Party of its election to assume the defense of a Third Party Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 5.7(b), such Indemnified Party may defend such Third Party Claim at the cost and expense of the Indemnifying Party.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnified Party may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any pending or threatened Third Party Claim in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party without the consent of the Indemnified Party if (i) the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly against such Indemnified Party and (ii) such settlement does not include a full, complete and unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Third Party Claim.

5.8 Additional Matters.

(a) Indemnification or contribution payments in respect of any Liabilities for which an Indemnified Party is entitled to indemnification or contribution under this Article V shall be paid by the Indemnifying Party to the Indemnified Party as such Liabilities are incurred upon demand by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made on an After-Tax Basis and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution agreements contained in this Article V shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnified Party; (ii) the knowledge by the Indemnified Party of Liabilities for which it might be entitled to indemnification or contribution hereunder; and (iii) any termination of this Agreement.

(b) Any claim on account of a Liability which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnified Party to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Transaction Documents without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) If payment is made by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant if they conclude that substitution is desirable and practical. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Article V, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the costs of any interest or penalties relating to any judgment or settlement.

5.9 Remedies Cumulative; Limitations of Liability.

The rights provided in this Article V shall be cumulative and, subject to the provisions of Article VII, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party. NOTWITHSTANDING THE FOREGOING, NO INDEMNIFYING PARTY, SHALL BE LIABLE TO AN INDEMNIFIED PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY, STATUTORILY-ENHANCED OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES (PROVIDED THAT ANY SUCH LIABILITY WITH RESPECT TO A THIRD PARTY CLAIM SHALL BE CONSIDERED DIRECT DAMAGES) ARISING IN CONNECTION WITH THE TRANSACTIONS.

5.10 Survival of Indemnities.

The rights and obligations of each of CCU and Outdoor and their respective Indemnified Parties under this Article V shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

ARTICLE VI
OTHER AGREEMENTS

6.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties will cooperate with each other and use (and will cause their respective Subsidiaries and Affiliates to use) commercially reasonable efforts, prior to, on and after the Closing Date, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents.

(b) Without limiting the foregoing, prior to, on and after the Closing Date, each party hereto shall cooperate with the other parties, and without any further consideration, but at the expense of the requesting party from and after the Closing Date, to execute and deliver, or use commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Transaction Documents, in order to effectuate the provisions and purposes of this Agreement and the Transaction Documents and the transfers of the Outdoor Assets and the assignment and assumption of the Outdoor Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title to the Assets allocated to such party under this

Agreement or any of the Transaction Documents, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Closing Date, CCU and Outdoor in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by CCU, Outdoor or any other Subsidiary of CCU or Outdoor, as the case may be, to effectuate the transactions contemplated by this Agreement.

(d) On or prior to the Closing Date, CCU and Outdoor shall take all actions as may be necessary to approve the stock-based employee benefit plans of Outdoor in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of the New York Stock Exchange.

6.2 Confidentiality.

(a) From and after the Closing, subject to Section 6.2(c) and except as contemplated by this Agreement or any Transaction Document, CCU shall not, and shall cause the other members of the CCU Group and all of such parties' respective officers, directors, employees, and other agents and representatives, including attorneys, agents, customers, suppliers, contractors, consultants and other representatives of any Person providing financing (collectively, "Representatives"), not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing services to any member of the CCU Group) or use or otherwise exploit for its own benefit or for the benefit of any third party, any Outdoor Confidential Information. If any disclosures are made by a member of the CCU Group to its Representatives in connection with such Representatives providing services to any member of the CCU Group under this Agreement or any Transaction Document, then the Outdoor Confidential Information so disclosed shall be used only as required to perform the services. CCU shall, and shall cause the other members of the CCU Group to, use the same degree of care to prevent and restrain the unauthorized use or disclosure of the Outdoor Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. Any information, material or documents relating to the Outdoor Business currently or formerly conducted, or proposed to be conducted, by any member of the Outdoor Group furnished to or in possession of any member of the CCU Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by or on behalf of any member of the CCU Group that contain or otherwise reflect such information, material or documents is referred to herein as "Outdoor Confidential Information." "Outdoor Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by any member of the CCU Group or any of their Representatives not otherwise permissible hereunder, (ii) such member of the CCU Group can demonstrate was or became available to such member of the CCU Group from a source other than Outdoor or its Affiliates, or (iii) is developed independently by such member of the CCU Group without reference to the Outdoor Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such member of the CCU

Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Outdoor or any member of the Outdoor Group with respect to such information.

(b) From and after the Closing, subject to Section 6.2(c) and except as contemplated by this Agreement or any Transaction Document, Outdoor shall not, and shall cause the other members of the Outdoor Group and all of such parties' respective Representatives not to, directly or indirectly, disclose, reveal, divulge or communicate to any Person (other than Representatives of such party or of its Affiliates who reasonably need to know such information in providing services to any member of the Outdoor Group), or use or otherwise exploit for its own benefit or for the benefit of any third party, any CCU Confidential Information. If any disclosures are made by a member of the Outdoor Group to its Representatives in connection with such Representatives providing services to any member of the Outdoor Group under this Agreement or any Transaction Document, then the CCU Confidential Information so disclosed shall be used only as required to perform the services. Outdoor shall, and shall cause other members of the Outdoor Group to, use the same degree of care to prevent and restrain the unauthorized use or disclosure of the CCU Confidential Information by any of their Representatives as they currently use for their own confidential information of a like nature, but in no event less than a reasonable standard of care. Any information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by any member of the CCU Group furnished to or in possession of any member of the Outdoor Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by or on behalf of any member of the Outdoor Group that contain or otherwise reflect such information, material or documents is referred to herein as "CCU Confidential Information." "CCU Confidential Information" does not include, and there shall be no obligation hereunder with respect to, information that (i) is or becomes generally available to the public, other than as a result of a disclosure by any member of the Outdoor Group or any of their Representatives not otherwise permissible hereunder, (ii) such member of the Outdoor Group can demonstrate was or became available to such member of the Outdoor Group from a source other than CCU or its Affiliates, or (iii) is developed independently by such member of the Outdoor Group without reference to the CCU Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by such member of the Outdoor Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, CCU or any other member of the CCU Group with respect to such information.

(c) If any member of the CCU Group or their respective Representatives, on the one hand, or any member of the Outdoor Group or their respective Representatives, on the other hand, are requested or required (by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar process) by any Governmental Authority or pursuant to applicable Law to disclose or provide any Outdoor Confidential Information or CCU Confidential Information (other than with respect to any such information furnished pursuant to the provisions of Article IV of this Agreement), as applicable, the entity or person receiving such request or demand shall use all commercially reasonable efforts to provide the other party with written notice of such request or demand as promptly as practicable under the circumstances so that such other party shall have an opportunity to seek an appropriate protective order. The party receiving such request or demand agrees to take, and cause its

representatives to take, at the requesting party's expense, all other commercially reasonable steps necessary to obtain confidential treatment by the recipient. Subject to the foregoing, the party that received such request or demand may thereafter disclose or provide any Outdoor Confidential Information or CCU Confidential Information, as the case may be, to the extent required by such Law (as so advised by counsel) or by lawful process of such Governmental Authority.

6.3 Insurance Matters.

(a) Members of the Outdoor Group will continue to have coverage under CCU's insurance program until the Trigger Date. Members of the Outdoor Group will pay retrospective premium adjustments under each such Insurance Policy based on their loss experience under the Insurance Policy and in accordance with CCU's pricing methodologies. Except as otherwise set forth on Schedule 6.3, the members of the Outdoor Group will have coverage under all Insurance Policies with respect to periods prior to the Trigger Date in accordance with the terms of each such Insurance Policy. CCU and Outdoor agree to cooperate in good faith to provide for an orderly transition of insurance coverage leading up to the Trigger Date, and for the treatment of any Insurance Policies that will remain in effect following the Trigger Date on a mutually agreeable basis. Outdoor may cancel coverage under any Insurance Policy by written notice to CCU at least sixty (60) days prior to such cancellation. In no event shall CCU, any other member of the CCU Group or any CCU Indemnified Party have liability or obligation whatsoever to any member of the Outdoor Group if any Insurance Policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect or for any reason shall be unavailable or inadequate to cover any Liability of any member of the Outdoor Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date. CCU shall provide notice to Outdoor promptly upon its becoming aware that any Insurance Policy has been terminated or is otherwise no longer in effect or is reasonably likely to be terminated or otherwise cease to be in effect.

(b) (i) Except as otherwise provided in any Transaction Document, the parties intend by this Agreement that Outdoor and each other member of the Outdoor Group be successors-in-interest to all rights that any member of the Outdoor Group may have as of the Closing Date as a subsidiary, affiliate, division or department of CCU prior to the Closing Date under any policy of insurance issued to CCU by any insurance carrier or under any agreements related to such policies executed and delivered prior to the Closing Date, including any rights such member of the Outdoor Group may have, as an insured or additional named insured, subsidiary, affiliate, division or department, to avail itself of any such policy of insurance or any such agreements related to such policies as in effect prior to the Closing Date. At the request of Outdoor, CCU shall take all commercially reasonable steps, including the execution and delivery of any instruments, to effect the foregoing; provided, however, that CCU shall not be required to pay any amounts, waive any rights or incur any Liabilities in connection therewith.

(ii) Except as otherwise contemplated by any Transaction Document, after the Closing Date, none of CCU or Outdoor or any member of their respective Groups shall, without the consent of the other, provide any such insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the other Group

thereunder; provided, however, that the foregoing shall not (A) preclude any member of any Group from presenting any claim or from exhausting any policy limit, (B) require any member of any Group to pay any premium or other amount or to incur any Liability, or (C) require any member of any Group to renew, extend or continue any policy in force. Each of Outdoor and CCU will share such information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion.

(c) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the CCU Group in respect of any Insurance Policy or any other contract or policy of insurance.

(d) Outdoor does hereby, for itself and each other member of the Outdoor Group, agree that no member of the CCU Group or any CCU Indemnified Party shall have any Liability whatsoever to Outdoor or any other member of the Outdoor Group as a result of the insurance policies and practices of CCU and its Affiliates as in effect at any time prior to the Closing Date, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(e) Nothing in this Agreement shall be deemed to restrict any member of the Outdoor Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period; provided that, Outdoor shall give CCU prompt written notice of any such insurance policy acquired prior to the Trigger Date.

6.4 Allocation of Costs and Expenses.

(a) CCU shall pay (or, to the extent incurred by and paid for by any member of the Outdoor Group, will promptly reimburse such party for any and all amounts so paid) for all out-of-pocket fees, costs and expenses incurred by CCU or Outdoor, or any member of their respective Groups, on or prior to the Closing Date in connection with the Separation, including (i) the preparation and negotiation of this Agreement, each Transfer Document (unless otherwise expressly provided therein), and all other documentation related to the Separation, (ii) accounting and legal costs incurred in association with all domestic and international internal restructuring undertaken as part of the Separation, (iii) the preparation and execution or filing of any and all other documents, certificates, deeds, titles, agreements, forms, applications or contracts associated with the Separation, and (iv) the preparation and filing of Outdoor’s and its Subsidiaries’ organizational documents.

(b) Outdoor shall pay (or, to the extent incurred by and paid or by any member of the CCU Group, will promptly reimburse such party for any and all amounts so paid) for all out-of-pocket fees, costs and expenses incurred by CCU or Outdoor, or any member of their respective Groups, in connection with the Initial Public Offering and the other Transactions, except as otherwise provided in Section 6.4(a), including (i) the preparation, printing and filing of the IPO Registration Statement, (ii) compliance with applicable federal, state or foreign securities Laws and domestic or foreign securities exchange rules and regulations, together with fees and expenses of counsel retained to effect such compliance, (iii) the preparation, printing and

distribution of the Prospectus, (iv) the initial listing of the Class A Common Stock on the New York Stock Exchange, (v) the fees and expenses of Ernst & Young LLP incurred in connection with the IPO Registration Statement and the Initial Public Offering, and (vi) the preparation (including, but not limited to, the printing of documents) and implementation of Outdoor's and its Subsidiaries' employee benefit plans, retirement plans and equity-based plans, and (vii) the preparation and implementation of Outdoor's and its Subsidiaries corporate governance programs and policies, financial reporting and internal controls and all other reporting requirements, programs, policies and functions required to be implemented by the Outdoor Group as a result of being a public company reporting to the SEC with equity securities listed on a national stock exchange.

6.5 Covenants Against Taking Certain Actions Affecting CCU.

(a) Outdoor hereby acknowledges and agrees that it shall not, without the prior written consent of CCU (which it may withhold in its sole and absolute discretion), take, or cause to be taken, directly or indirectly, any action, including making or failing to make any election under the Law of any state, which has the effect, directly or indirectly, of restricting or limiting the ability of CCU or any of its Affiliates to freely sell, transfer, assign, pledge or otherwise dispose of Outdoor Capital Stock. Without limiting the generality of the foregoing, Outdoor shall not, without the prior written consent of CCU (which it may withhold in its sole and absolute discretion), take any action, or recommend to its stockholders any action, which would among other things, limit the legal rights of, or deny any benefit to, CCU as an Outdoor stockholder in a manner not applicable to Outdoor stockholders generally.

(b) Prior to the Trigger Date, to the extent that any member of the CCU Group is a party to any contract or agreement with a third party (i) that provides that certain actions of CCU's Subsidiaries may result in CCU being in breach of or in default under such agreement and CCU has advised Outdoor, or Outdoor is otherwise aware, of the existence of such contract or agreement (or the relevant portions thereof), (ii) to which any member of the Outdoor Group is a party or (iii) under which any member of the Outdoor Group has performed any obligations on or before the date hereof, Outdoor shall not take, and shall cause each other member of the Outdoor Group not to take, any actions that reasonably could result in any member of the CCU Group being in breach of or in default under any such contract or agreement. Outdoor hereby acknowledges and agrees that CCU has made available to Outdoor copies of each such contract or agreement (or the relevant portion thereof) in effect on the date hereof. The parties acknowledge and agree that, after the date hereof, CCU may in good faith (and not solely with the intention of imposing restrictions on Outdoor pursuant to this covenant) amend the referenced agreements or enter into additional contracts or agreements that provide that certain actions of any member of the Outdoor Group may result in CCU being in breach of or in default under such agreements; provided that, CCU shall notify and consult with Outdoor prior to entering into any such amendments or additional contracts or agreements to the extent that compliance therewith (x) could reasonably be expected to have a material adverse effect on any member of the Outdoor Group or (y) would discriminate in an adverse way in the treatment of members of the Outdoor Group as compared with CCU and its other Affiliates, and shall make available to Outdoor copies of such amendments or additional contracts or agreements.

(c) Prior to the Trigger Date, without the prior written consent or affirmative vote of CCU (either of which it may withhold in its sole and absolute discretion), Outdoor shall not, and shall cause the other members of the Outdoor Group not to:

(i) issue any shares of capital stock or any rights, warrants, options or other rights or securities convertible into or exercisable for capital stock; except for (A) the issuance of shares of stock of a wholly-owned Subsidiary of Outdoor to Outdoor or another wholly-owned Subsidiary of Outdoor, (B) pursuant to the Transactions, and (C) the issuance of shares of Class A Common Stock or options to purchase Class A Common Stock pursuant to employee benefit plans or dividend reinvestment plans approved by the Board of Directors of Outdoor;

(ii) consolidate or merge with or into any Person, except for (A) a consolidation or merger of a wholly-owned Subsidiary of Outdoor into Outdoor or with or into another wholly-owned Subsidiary of Outdoor, or (B) in connection with an acquisition permitted by the Charter and this Agreement;

(iii) directly or indirectly acquire stock, stock equivalents or assets (including, without limitation, any business or operating unit) of any Person, in each case in a single transaction, or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including indebtedness assumed by any member of the Outdoor Group and indebtedness of any entity so acquired) paid or delivered by the Outdoor Group in excess of $5,000,000, other than transactions to which Outdoor and one or more wholly-owned Subsidiaries of Outdoor are the only parties;

(iv) directly or indirectly sell, convey, transfer, lease, pledge, grant a security interest in or lien on, or otherwise dispose of Outdoor Assets (including stock and stock equivalents) or any interest therein to any other Person, or permit any other Person to acquire any interest in any Outdoor Assets (including stock and stock equivalents), in each case in a single transaction, or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including indebtedness assumed by any other Person and indebtedness of any entity acquired by such other Person) paid to or received by the Outdoor Group in excess of $5,000,000, other than transactions to which Outdoor and one or more wholly-owned Subsidiaries of Outdoor are the only parties;

(v) directly or indirectly create, incur, assume, guarantee or otherwise be or become liable with respect to Outdoor Indebtedness, including indebtedness of any entity acquired by any member of the Outdoor Group, whether or not such indebtedness is expressly assumed or guaranteed by any member of the Outdoor Group, (A) in excess of $400 million outstanding at any one time, or (B) that could reasonably be expected to result in a negative change in any credit ratings of Outdoor, except for (1) indebtedness determined to constitute “operating leverage” by any “nationally recognized statistical rating organization” (as such term is defined for purposes of Rule 436(g)(2) under the Securities Act), (2) the Existing CCU Indebtedness, and (3) indebtedness between any members of the Outdoor Group (but only to the extent such indebtedness does not increase the consolidated Outdoor Indebtedness in accordance with GAAP);

(vi) alter, amend, terminate or repeal, or adopt any provision inconsistent with, in each case whether directly or indirectly, or by merger, consolidation or otherwise, the provisions of the Charter or Bylaws relating to any of (A) authorized capital stock, (B) rights granted to the holders of the Class B Common Stock, (C) amendments to the Bylaws, (D) shareholder action by written consent, (E) shareholder proposals and meetings, (F) limitation of liability of and indemnification of officers and directors, (G) the size and classes of the board of directors, (H) corporate opportunities and conflicts of interest between the Outdoor Group and the CCU Group, and (I) the business combination statute set forth in Section 203 of the Delaware General Corporation Law;

(vii) purchase, redeem or otherwise acquire or retire for value any shares of Class A Common Stock or any warrants, options or other rights or securities convertible into or exercisable for to acquire Class A Common Stock, except for (A) the repurchase of Class A Common Stock deemed to occur upon exercise of stock options to the extent shares of Class A Common Stock represent a portion of the exercise price of the stock options or are withheld by Outdoor to pay applicable withholding taxes; (B) the repurchase of Class A Common Stock deemed to occur to the extent shares of Class A Common Stock are withheld by Outdoor to pay applicable withholding taxes in connection with any grant or vesting of restricted stock; and (C) the repurchase of stock of terminated employees as provided in any employee benefits plan or in a stock purchase or other agreement;

(viii) enter into any agreement that restricts, directly or indirectly, any member of the Outdoor Group's ability to (A) pay dividends or make other distributions, (B) borrow from or repay amounts, (C) make loans or advances, or (D) transfer any Outdoor Assets, in each of the foregoing cases, directly or indirectly to Outdoor or CCU;

(ix) adopt a shareholder rights agreement; or

(x) dissolve, liquidate or wind up.

6.6 <u>No Violations</u>.

(a) Outdoor acknowledges and agrees that it shall not, and shall cause the other members of the Outdoor Group not to, take any action or enter into any commitment or agreement that may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by any member of the CCU Group of: (i) any provisions of applicable Law; (ii) any provision of the organizational documents of any member of the CCU Group; (iii) any credit agreement or other material instrument binding upon any member of the CCU Group; or (iv) any judgment, order or decree of any Governmental Authority having jurisdiction over any member of the CCU Group or any of its respective assets.

(b) CCU acknowledges and agrees that it shall not, and shall cause the other members of the CCU Group not to, take any action or enter into any commitment or agreement that may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by any member of the Outdoor Group of: (i) any provisions of applicable Law; (ii) any provision of the organizational documents of Outdoor; (iii)

the Existing CCU Indebtedness, any credit agreement or any other material instrument binding upon Outdoor; or (iv) any judgment, order or decree of any Governmental Authority having jurisdiction over any member of the Outdoor Group or any of the Outdoor Assets.

(c) Nothing in this Agreement is intended to limit or restrict in any way CCU's or its Affiliates' rights as stockholders of Outdoor.

6.7 Registration Statements.

To the extent necessary to enable the unrestricted transfer of the applicable shares of Outdoor Common Stock, upon consummation of the Initial Public Offering, Outdoor shall file and cause to remain effective a registration statement with the SEC to register Outdoor Common Stock that may be acquired by employees of any member of the Outdoor Group as contemplated by CCU's or any other member of the CCU Group's employee stock or option plans.

6.8 Compliance with Charter Provisions.

Outdoor shall, and shall cause each of its Subsidiaries to, take any and all actions necessary to ensure continued compliance by Outdoor and its Subsidiaries with the provisions of their certificate or articles of incorporation, bylaws, limited liability company agreement, partnership agreement or other applicable organizational documents. Outdoor shall notify CCU in writing promptly after becoming aware of any act or activity taken or proposed to be taken by Outdoor or any of its Subsidiaries or any of their equity holders which resulted or would result in non-compliance with any such organizational document provisions and, so long as any member of the CCU Group owns any Outdoor Capital Stock, Outdoor shall take or refrain from taking all such actions as CCU shall in its sole discretion determine necessary or desirable to prevent or remedy any such non-compliance.

6.9 Future Intercompany Transactions.

All proposed intercompany transactions between Outdoor and CCU after the Closing Date, including any material amendments to the Transaction Documents, and any consent or approval proposed to be granted by Outdoor for CCU's benefit, in each case that would ordinarily be submitted for approval by the board of directors of Outdoor, will be subject to the approval of a majority of the independent directors (as defined under the applicable rules of any securities exchange on which shares of Outdoor Common Stock are listed) of the board of directors of Outdoor.

6.10 Board of Directors.

CCU and Outdoor acknowledge and agree that prior to the Trigger Date, Outdoor may qualify as a "controlled company" under the New York Stock Exchange corporate governance standards because more than fifty percent (50%) of the voting power of Outdoor is held by an individual, a group or another company. With respect to composition of Outdoor's board of directors and committees thereof, to the extent available, Outdoor shall utilize the exemptions for compliance with certain New York Stock Exchange corporate governance rules afforded a "controlled company," including the requirements of Sections 303A.01, .04 and .05 of the New York Exchange corporate governance rules, or any successor rules, requiring (a) that a majority

of the board of directors consist of independent directors, (b) that the board of directors have a nominating and corporate governance committee comprised entirely of independent directors with a written charter setting forth the committee's purpose and responsibilities, (c) that the board of directors have a compensation committee comprised entirely of independent directors with a written charter setting forth the committee's purpose and responsibilities, and (d) an annual performance evaluation of the nominating and corporate governance and compensation committees. Outdoor shall disclose its utilization of such exemptions and the basis for its determination that is a "controlled company" under Section 303A of the New York Stock Exchange corporate governance rules, or any successor rule, in its annual proxy statement to shareholders.

6.11 CCU Policies.

If a provision of Outdoor's Charter or Amended and Restated Bylaws or of any Transaction Document contradicts a policy of CCU or a member of the CCU Group, (the "CCU Policies") that applies to Subsidiaries of CCU, such provision in Outdoor's Charter or Bylaws or Transaction Document shall control. In any other case, and except as otherwise agreed or unless superseded by any policies adopted by the board of directors of Outdoor, the CCU Policies that apply to Subsidiaries of CCU shall apply to Outdoor and its Subsidiaries until the Trigger Date.

6.12 Operations.

Prior to the Closing Date, members of the Outdoor Group provided to members of the CCU Group advertising time and space for promotional purposes without charge in circumstances where Outdoor determined that providing such advertising time or space would not significantly affect such servicer's potential net income. On and after the Closing Date, until the Trigger Date, Outdoor agrees to make available, and to cause the other members of the Outdoor Group to make available, to the members of the CCU Group advertising time and space for promotional purposes without charge or at rates that are more favorable to the recipient of such service than those that would have been obtained in a comparable transaction by either party with a non-affiliated Person; provided, however, that the Outdoor Group shall not be required to provide such advertising time or space if to do so would significantly affect its potential net income; provided, further, however, that if the Outdoor Group determines that providing such advertising time and space would significantly affect its potential net income, it shall be required following such determination to continue to make available to the recipient of such services only the advertising time and space that it had agreed to provide to such party prior to the date of any such determination. Notwithstanding the foregoing, each of CCU and Outdoor agrees that nothing in this Agreement shall relieve any member of the Outdoor Group of its obligation to comply with any arrangement, agreement, contract or other commitment in writing that requires it to provide any member of the CCU Group with advertising time and space on terms no less favorable than those that would be provided to an unaffiliated third party.

6.13 Distribution of Outdoor Common Stock by CCU.

Outdoor acknowledges and agrees that (a) at any time after the Closing, CCU may elect, in its sole and absolute discretion, to divest all or part of its indirect ownership interest in Outdoor through a distribution of Outdoor Common Stock owned by the CCU Group to the

shareholders of CCU (the "Distribution"), and (b) CCU may desire to effect the Distribution in a manner that qualifies as a tax-free distribution under Section 355 of the Code, or any corresponding provision of any successor statute, so that no gain or loss will be recognized by CCU or its shareholders as a result of the Distribution (a "Tax-Free Spin-Off"). Outdoor and CCU acknowledge and agree that the Charter provides that each share of Class B Common Stock will be convertible at the option of the holder thereof into one share of Class A Common Stock (the "Optional Conversion Right"), and the Charter further provides that any shares of Class B Common Stock transferred to a Person, other than in connection with a Tax-Free Spin-Off and certain other permitted transfers specified in the Charter, will automatically be converted into shares of Class A Common Stock on a one-for-one basis (the "Conversion Upon Transfer Provision"). The Charter also provides that, in the event of a Distribution intended to qualify as a Tax-Free Spin-Off, CCU has the option (which may be exercised or not exercised in CCU's sole and absolute discretion) to cause the Optional Conversion Right and the Conversion Upon Transfer Provision to terminate upon the effectiveness of such Tax-Free Spin-Off (the "Termination Option"). Outdoor covenants and agrees that in the event that CCU notifies Outdoor of CCU's determination (which may be made in its absolute and sole discretion) to exercise the Termination Option, Outdoor shall take all necessary or appropriate action to implement the Termination Option and shall, from and after the effectiveness of such Tax-Free Spin-Off, no longer permit the exercise of the Optional Conversion Right, implement the Conversion Upon Transfer Provision or enforce the restrictions on transfer of the Class B Common Stock that terminate upon such exercise by CCU of the Termination Option. Outdoor further covenants and agrees that in such a case, Outdoor shall use commercially reasonable efforts to list the Class B Common Stock on the New York Stock Exchange, or other national securities exchange as directed by CCU. In the event that CCU intends to consummate the Distribution, Outdoor shall, and shall cause the other members of the Outdoor Group to, cooperate in all respects with CCU to accomplish the Distribution in the manner that CCU determines and shall at CCU's direction, promptly take any and all commercially reasonable actions to effect the Distribution, including, without limitation, (i) filing with the SEC any registration statements, including prospectuses and information statements, or other documentation that CCU determines are necessary or desirable, (ii) mailing to the shareholders of CCU a prospectus or information statement as well as any other information as CCU reasonably determines necessary or desirable, (iii) obtaining all necessary consents and approvals as soon as practicable, (iv) filing an application for the listing of the Outdoor Common Stock to be distributed on the New York Stock Exchange, or other national securities exchange as directed by CCU, and (v) taking all such other actions as may be necessary or appropriate under securities or other laws.

6.14 Tax Matters.

Notwithstanding any provision in this Agreement to the contrary, to the extent that any representations, warranties, covenants and agreements between CCU and Outdoor, and their respective Groups, with respect to Tax matters are set forth in the Tax Matters Agreement, including indemnification agreements and any tax sharing agreements and arrangements specifically identified in such agreements, such Tax matters shall be governed exclusively by such Tax agreements and not by this Agreement.

6.15 Litigation.

(a) Subject to Section 3.7, immediately following the execution and delivery of the Underwriting Agreement by each of the parties thereto, Outdoor shall, and shall cause the other members of the Outdoor Group to assume those Actions relating in any material respect to the Outdoor Business in which one or more members of the CCU Group is a defendant or the party against whom any claim or investigation is directed (collectively, the "Assumed Actions"), including the Assumed Actions listed on Schedule 6.15(a).

(b) Subject to Section 3.7, immediately following the execution and delivery of the Underwriting Agreement by each of the parties thereto, CCU shall, and shall cause the other members of the CCU Group to, transfer the Transferred Actions to Outdoor, and Outdoor shall receive and have the benefit of all of the proceeds of such Transferred Actions. "Transferred Actions" means those Actions relating primary to the Outdoor Business in which one or more members of the CCU Group is a plaintiff or claimant, all of which are listed on Schedule 6.15(b).

(c) Subject to Section 3.7, immediately following the execution and delivery of the Underwriting Agreement by each of the parties thereto, Outdoor shall, and shall cause the other members of the Outdoor Group to, (i) diligently conduct, at its sole cost and expense, the defense of all Assumed Actions and all Existing Actions, (ii) except as may be provided in Section 6.3, pay all Liabilities that may result from the Assumed Actions and the Existing Actions, and (iii) pay all fees and costs relating to the defense of the Assumed Actions and the Existing Actions, including attorneys' fees and costs incurred after the Closing Date. "Existing Actions" means those Actions (other than Assumed Actions) in which Outdoor or any other member of the Outdoor Group has been named as a defendant or is the party against whom any claim or investigation is directed, including those listed on Schedule 6.15(c).

(d) Notwithstanding anything in this Section 6.15 to the contrary, CCU shall have the right to participate in the defense of any Assumed Action and to be represented by attorneys of its own choosing and at its sole cost and expense. In no event shall Outdoor (or any other member of the Outdoor Group) settle or compromise any Assumed Action or Transferred Action without the express prior written consent of CCU unless (i) there is no finding or admission of any violation of any law or any violation of the rights of any Person by CCU or any other member of the CCU Group, (ii) there is no relief (either monetary or non-monetary) binding upon CCU or any other member of the CCU Group, and (iii) neither CCU nor any other member of the CCU Group has any Liability with respect to any such settlement or compromise.

(e) Subject to Section 3.7, each of CCU and Outdoor agrees that at all times from and after the execution and delivery of the Underwriting Agreement by each of the parties thereto, if an Action is commenced by a third party naming both parties (or any member of its respective Group) as defendants thereto and with respect to which one party (or any member of its respective Group) is a nominal defendant, then the other party shall use commercially reasonable efforts to cause such nominal defendant to be removed from such Action.

(f) Notwithstanding anything in this Section 6.15 to the contrary, the Actions set forth on Schedule 6.15(f) shall be handled in accordance with the terms, conditions and procedures set forth on such schedule.

ARTICLE VII
DISPUTE RESOLUTION

7.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the Transaction Documents (other than the Transaction Documents set forth on Schedule 7.1), or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article VII, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) Commencing with a request contemplated by Section 7.2, all communications between the parties or their representatives in connection with the attempted resolution of any Dispute, including any mediator's evaluation referred to in Section 7.3, shall be deemed to have been delivered in furtherance of a Dispute settlement and shall be exempt from discovery and production, and shall not be admissible in evidence for any reason (whether as an admission or otherwise), in any arbitral or other proceeding for the resolution of the Dispute.

(c) IN CONNECTION WITH ANY DISPUTE, THE PARTIES EXPRESSLY WAIVE AND FORGO ANY RIGHT TO (I) SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, EXEMPLARY, STATUTORILY ENHANCED OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES (PROVIDED THAT LIABILITY FOR ANY SUCH DAMAGES WITH RESPECT TO A THIRD PARTY CLAIM SHALL BE CONSIDERED DIRECT DAMAGES), AND (II) TRIAL BY JURY.

(d) The specific procedures set forth below, including but not limited to the time limits referenced therein, may be modified by agreement of the parties in writing.

(e) All applicable statutes of limitations and defenses based upon the passage of time shall be tolled while the procedures specified in this Article VII are pending. The parties will take such action, if any, required to effectuate such tolling.

(f) THE PARTIES HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY STATE COURT LOCATED WITHIN THE STATE OF TEXAS OVER ANY SUCH DISPUTE AND EACH PARTY HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH DISPUTE OR ANY ACTION RELATED THERETO MAY BE HEARD AND DETERMINED IN SUCH COURTS. THE PARTIES HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH DISPUTE BROUGHT IN SUCH COURT OR ANY DEFENSE OF INCONVENIENT FORUM FOR THE MAINTENANCE OF SUCH DISPUTE. EACH OF THE PARTIES AGREES THAT A JUDGMENT IN ANY SUCH DISPUTE MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(g) Notwithstanding anything to the contrary contained in this Article VII, any Dispute relating to CCU's rights as a stockholder of Outdoor pursuant to applicable Law or the

organizational documents of Outdoor will not be governed by or subject to the procedures set forth in this Article VII.

7.2 Consideration by Senior Executives.

If a Dispute is not resolved in the normal course of business at the operational level, the parties first shall attempt in good faith to resolve such Dispute by negotiation between executives who hold, at a minimum, the office of President and Chief Executive Officer of the respective business entities involved in such Dispute prior to exercising remedies pursuant to Section 7.3 or 7.4. Either party may initiate the executive negotiation process by providing a written notice to the other (the "Initial Notice"). Within fifteen (15) days after delivery of the Initial Notice, the receiving party shall submit to the other a written response (the "Response"). The Initial Notice and the Response shall include (i) a statement of the Dispute and of each party's position, and (ii) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Such executives will meet in person or by telephone within thirty (30) days of the date of the Initial Notice to seek a resolution of the Dispute.

7.3 Mediation.

If a Dispute is not resolved by negotiation as provided in Section 7.2 within forty-five (45) days from the delivery of the Initial Notice, then either party may submit the Dispute for resolution by mediation pursuant to the CPR Institute for Dispute Resolution (the "CPR") Model Mediation Procedure as then in effect prior to exercising remedies pursuant to Section 7.4. The parties will select a mediator from the CPR Panels of Distinguished Neutrals. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

7.4 Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 7.3 within thirty (30) days of the selection of a mediator (unless the mediator chooses to withdraw sooner), either party may submit the Dispute to be finally resolved by arbitration pursuant to the CPR Rules for Non-Administered Arbitration as then in effect (the "CPR Arbitration Rules"). The parties hereby consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

(b) The neutral organization for purposes of the CPR Arbitration Rules will be the CPR. The arbitral tribunal shall be composed of three arbitrators, of whom each party shall appoint one in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Arbitration Rules. The arbitration shall be conducted in San Antonio, Texas. Each party shall be permitted to present its case, witnesses and evidence, if any, in the presence of the other party. A written transcript of the proceedings shall be made and furnished to the parties. The arbitrators shall determine the Dispute in accordance with the law of the State of Texas, without giving effect to any conflict of law rules or other rules that might render such law inapplicable or unavailable, and shall apply this Agreement and the Transaction Documents according to their respective terms; provided, however, that any Dispute in respect of a Transaction Document which by its terms is governed by the law of a jurisdiction other than the

State of Texas shall be determined by the law of such other jurisdiction and; provided, further, however, that the provisions of this Agreement relating to arbitration shall in any event be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq.

(c) The parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 7.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 7.4 may be entered and enforced in a court having jurisdiction thereof.

(d) Except as expressly permitted by this Agreement, no party will commence or voluntarily participate in any court action or proceeding concerning a Dispute, except (i) for enforcement as contemplated by Section 7.4(c), (ii) to restrict or vacate an arbitral decision based on the grounds specified under applicable law, or (iii) for interim relief as provided in Section 7.4(e). For purposes of the foregoing and as provided in Section 7.1(g), the parties submit to the exclusive jurisdiction of the courts of the State of Texas.

(e) In addition to the authority otherwise conferred on the arbitral tribunal, the tribunal shall have the authority to make such orders for interim relief, including injunctive relief, as it may deem just and equitable. Notwithstanding Section 7.4(d), each party acknowledges that in the event of any actual or threatened breach of the provisions of (i) Section 6.2, Section 6.5, Section 6.6, Section 6.8, Section 6.10 and Section 6.13, (ii) the Employee Matters Agreement, (iii) the Tax Matters Agreement, (iv) the Trademark License Agreement or (v) the Registration Rights Agreement, the remedy at law would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. If the tribunal shall not have been appointed, either party may seek interim relief from a court having jurisdiction if the award to which the applicant may be entitled may be rendered ineffectual without such interim relief. Upon appointment of the tribunal following any grant of interim relief by a court, the tribunal may affirm or disaffirm such relief, and the parties will seek modification or rescission of the court action as necessary to accord with the tribunal's decision.

(f) Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article VII.

ARTICLE VIII
MISCELLANEOUS

8.1 Corporate Power; Fiduciary Duty.

(a) Each of CCU and Outdoor represents as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement has been duly executed and delivered by each such Person and each Transaction Document to which such Person is a party has been, or will be on or prior to the Closing Date, duly executed and delivered by it and upon execution and delivery, this

Agreement and the other Transaction Documents will constitute a valid and binding agreement of such Person enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding of law or in equity).

(b) Notwithstanding any provision of this Agreement or any Transaction Document, no member of the CCU Group and no member of the Outdoor Group shall be required to take or omit to take any act that would violate its fiduciary duties to any minority shareholders of Outdoor or any non-wholly owned Subsidiary of CCU or Outdoor, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned).

8.2 Governing Law.

This Agreement (other than the provisions relating to CCU's rights as a stockholder, which shall be governed by the laws of the State of Delaware) and, unless expressly provided therein, each other Transaction Document, shall be governed by, and construed and interpreted in accordance with, the laws of the State of Texas, without giving effect to any conflicts of law rule or principle that might require the application of the laws of another jurisdiction.

8.3 Survival of Covenants.

Except as expressly set forth in any Transaction Document, the covenants and other agreements contained in this Agreement and each Transaction Document, and liability for the breach of any obligations contained herein or therein, shall survive each of the Separation and the Initial Public Offering and shall remain in full force and effect.

8.4 Force Majeure.

No party hereto (or any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement or, unless otherwise expressly provided therein, any Transaction Document, so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. A party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event: (i) notify the other parties of the nature and extent of any such Force Majeure condition and (ii) use due diligence to remove any such causes and resume performance under this Agreement as soon as feasible.

8.5 Notices.

All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Transaction Documents shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the

respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 8.5):

If to any member of the CCU Group, to:

Clear Channel Communications, Inc.

____

____

Attn: ____
Fax: ____

If to any member of the Outdoor Group, to:

Clear Channel Outdoor Holdings, Inc.

Clear Channel Communications, Inc.

____

____

Attn: ____
Fax: ____

8.6 Severability.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

8.7 Entire Agreement.

Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the parties with respect to the subject matter of this Agreement and supersedes all prior agreements and undertakings, both written and oral, between or on behalf of the parties with respect to the subject matter of this Agreement.

8.8 Assignment; No Third-Party Beneficiaries.

This Agreement shall not be assigned by any party hereto without the prior written consent of the other party hereto. Except as provided in Article V with respect to Indemnified Parties, this Agreement is for the sole benefit of the parties to this Agreement and members of their respective Group and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

8.9 Public Announcements.

CCU and Outdoor shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement and the Transaction Documents, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

8.10 Amendment.

No provision of this Agreement may be amended or modified except by a written instrument signed by both parties. No waiver by any party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by either party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

8.11 Rules of Construction.

Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (b) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified, (c) the word “including” and words of similar import shall mean “including, without limitation,” (d) provisions shall apply, when appropriate, to successive events and transactions, (e) the table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement, and (f) this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

8.12 Counterparts.

This Agreement may be executed in one or more counterparts, and by each party in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail shall be as effective as delivery of a manually executed counterpart of any such Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Master Agreement to be executed on the date first written above by their respective duly authorized officers.

CLEAR CHANNEL COMMUNICATIONS, INC.

By: ____________________
Name: ____________________
Title: ____________________

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: ____________________
Name: ____________________
Title: ____________________

Exhibit 10.4

TAX MATTERS AGREEMENT

BY AND BETWEEN

CLEAR CHANNEL COMMUNICATIONS, INC.

AND

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

Dated as of ___________, 2005

TABLE OF CONTENTS

		Page
Section 1.	Definitions	1
Section 2.	Tax Payments	4
(a)	Estimated Income Tax Payments	4
(b)	Separate Income Tax Liability	5
(c)	Additional Calculations	6
(d)	Timing	6
(e)	Adjustments	7
(f)	Other Adjustments and Indemnification	7
(g)	Reimbursements	7
Section 3.	Income Tax Return Preparation	8
Section 4.	Audits	8
Section 5.	Cooperation	8
(a)	Tax Information	8
(b)	Other Cooperation	9
(c)	Agent	9
Section 6.	Retention of Records	10
Section 7.	Resolution of Disputes	10
Section 8.	Spin-Off of CCO	10
(a)	Indemnities for Distribution Taxes	10
(b)	Covenants of CCO	11
(c)	Cooperation with Letter Ruling and Tax Opinion	11
Section 9.	Miscellaneous	12
(a)	Term of the Agreement	12
(b)	Injunctions	12
(c)	Severability	12
(d)	Assignment	12
(e)	Further Assurances	12
(f)	Parties in Interest	13
(g)	Waivers, Etc	13
(h)	Setoff	13

TABLE OF CONTENTS
(continued)

		Page
(i)	Change of Law	13
(j)	Confidentiality	13
(k)	Headings	13
(l)	Counterparts	13
(m)	Notices	14
(n)	Costs and Expenses	14
(o)	Applicable Law	14

TAX MATTERS AGREEMENT

This Tax Matters Agreement (this "Agreement"), dated as of __________, 2005, is entered into by and between Clear Channel Communications, Inc., a Texas corporation ("Parent"), and Clear Channel Outdoor Holdings, Inc., a Delaware corporation ('CCO").

RECITALS

WHEREAS, certain Parent Group Members (as defined below), on the one hand, and certain CCO Group Members (as defined below), on the other hand, file Income Tax Returns (as defined below) on a consolidated, combined and/or unitary basis for certain federal, state, local and foreign Income Tax (as defined below) purposes;

WHEREAS, Parent prepares and files, or causes to be prepared and filed, the Income Tax Returns of each CCO Group Member, whether or not such CCO Group Member files an Income Tax Return on a consolidated, combined or unitary basis with any Parent Group Member;

WHEREAS, CCO intends to undertake an initial public offering (the 'IPO");

WHEREAS, following the IPO, Parent and CCO intend (i) for certain CCO Group Members to continue to file Income Tax Returns on a consolidated, combined and/or unitary basis with certain Parent Group Members and (ii) for Parent to continue to prepare and file, or to cause to be prepared and filed, all Income Tax Returns of each CCO Group Member, whether or not such CCO Group Member files an Income Tax Return on a consolidated, combined or unitary basis with any Parent Group Member;

WHEREAS, in contemplation of the IPO, Parent and CCO desire to agree upon the method of determining the financial consequences to each party resulting from the preparation and filing of such Income Tax Returns;

AGREEMENT

NOW THEREFORE, in consideration of the premises set forth above and the terms and conditions set forth below, the parties hereto agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms shall have the meanings set forth below:

"Adjustment" shall mean any proposed or final change in the Tax liability of any Person.

"Affiliated Group" shall mean an affiliated group of corporations within the meaning of section 1504(a) of the Code.

"Affiliate" shall mean any Person that directly or indirectly is "controlled" by the other Person in question. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership

of voting securities, by contract or otherwise. Except as otherwise provided herein, the term Affiliate for purposes of Section 8 shall refer to Affiliates of a Person as determined immediately after the Distribution.

"CCO Group" shall mean CCO and its Subsidiaries. With respect to any Taxable Period beginning before the IPO, the CCO Group shall be determined as if the CCO Group had been constituted on the first day of such Taxable Period, and shall include the assets and operations of the outdoor advertising businesses of Parent and its Subsidiaries as they existed for such Taxable Period.

"CCO Group Member" shall mean each member of the CCO Group.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Deconsolidation Event" shall mean, with respect to each CCO Group Member, any event or transaction, including the Distribution, that causes such CCO Group Member to no longer be eligible to join any Parent Group Member in filing an applicable Income Tax Return on a consolidated, combined or unitary basis.

"Distribution" shall mean the distribution to Parent stockholders of all of the outstanding stock of CCO owned by Parent pursuant to transactions intended to qualify as a tax-free distribution under section 355 of the Code.

"Distribution Date" shall mean the date the Distribution becomes effective.

"Distribution Taxes" shall mean any Taxes imposed on any Parent Group Member resulting from, or arising in connection with the failure of the Distribution to be tax-free to such Parent Group Member under the Code, including any Tax resulting from the failure of the Distribution to qualify under section 355 and section 368(a)(1)(D) of the Code or the application of section 355(d) or section 355(e) of the Code to the Distribution or corresponding provisions of other Tax laws.

"Entity" shall mean a partnership (whether general or limited), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or any other entity, without regard to whether it is treated as a disregarded entity for U.S. federal tax purposes.

"Final Determination" shall mean the final resolution of any Tax matter, including, but not limited to, a closing agreement with the IRS or other relevant Taxing Authority, a claim for refund which has been allowed, a deficiency notice with respect to which the period for filing a petition with the Tax Court or the relevant foreign, state or local tribunal has expired, or a decision of any court of competent jurisdiction that is not subject to appeal or as to which the time for appeal has expired.

"Income Tax Return" shall mean any Tax Return filed or required to be filed with any Taxing Authority with respect to Income Taxes.

“Income Taxes” shall mean all Taxes imposed on or measured in whole or in part by income, capital or net worth or a taxable base in the nature of income, capital or net worth, including franchise Taxes based on such factors, and shall include any addition to Tax, additional amount, interest and penalty imposed with respect to such Taxes.

“Indemnified Party” shall mean any party that is entitled to receive payment from an Indemnifying Party pursuant to the terms and conditions of this Agreement.

“Indemnifying Party” shall mean any party that is required to pay any other party pursuant to the terms and conditions of this Agreement.

“IRS” shall mean the United States Internal Revenue Service or any successor thereto, including but not limited to its agents, representatives and attorneys.

“Letter Ruling” shall mean any private letter ruling issued by the IRS and delivered to Parent in connection with the Distribution.

“Losses” shall mean any loss, cost, fine, penalty, fee, damage, obligation, liability, payment in settlement, Tax or other expense of any kind, including reasonable attorneys’ fees and costs, but excluding any consequential, special, punitive or exemplary damages.

“Officer’s Certificate” shall mean any letter executed by officers of Parent and CCO provided to tax counsel in connection with its rendering the Tax Opinion.

“Parent Group” shall mean Parent and its Subsidiaries, excluding, however, any CCO Group Member.

“Parent Group Member” shall mean each member of the Parent Group.

“Person” shall mean an individual or any Entity.

“Ruling Request” shall mean any letter filed by Parent with the IRS requesting a ruling from the IRS regarding certain U.S. federal income tax consequences of the Distribution (including all attachments, exhibits and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

“Subsidiary” shall mean, with respect to any Person, any other Person of which (i) such Person or any Subsidiary of such Person is a general partner or (ii) at least 50% of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to the other Person or at least 50% of the value of the outstanding equity is directly or indirectly owned or controlled by such Person or by any one or more of its Subsidiaries, or by such Person and one or more of its Subsidiaries.

“Tax Benefit” shall mean a reduction in the Income Tax liability of any Person (or of the Affiliated Group of which it is a member) for any Taxable Period. Except as otherwise provided in this Agreement, a Tax Benefit shall be deemed to have been realized or received from a Tax Item in a Taxable Period only if, and to the extent that, the Income Tax liability of the Person (or

of the Affiliated Group of which it is a member) for such Tax Period is less than it would have been if such Income Tax liability were determined without regard to such Tax Item.

"Tax Controversy" shall mean any examination, audit, claim, dispute, litigation, proposed settlement, proposed Adjustment or related matter with respect to Income Taxes.

"Tax Detriment" shall mean an increase in the Income Tax liability of any Person (or of the Affiliated Group of which it is a member) for any Taxable Period. Except as otherwise provided in this Agreement, a Tax Detriment shall be deemed to have been realized or suffered from a Tax Item in a Taxable Period only if, and to the extent that, the Income Tax liability of the Person (or the Affiliated Group of which it is a member) for such period is greater than it would have been if such Income Tax liability were determined without regard to such Tax Item.

"Tax Item" shall mean any item of income, gain, loss, deduction, credit, recapture of credit or any other item which may have the effect of increasing or decreasing Income Taxes paid or payable by any Person (or the Affiliated Group of which it is a member).

"Tax Opinion" shall mean any opinion rendered by tax counsel addressing certain U.S. federal income tax consequences of the Distribution under section 355 of the Code.

"Tax Return" shall mean any return, report, form or other information filed or required to be filed with any Taxing Authority with respect to Taxes.

"Taxable Period" shall mean any taxable year or portion thereof, including any Post-Closing IPO Straddle Period and any Pre-Closing Deconsolidation Straddle Period.

"Taxes" shall mean all federal, state, local, foreign or other governmental taxes, assessments, duties, fees, levies or similar charges of any kind, including all income, profits, franchise, excise, property, use, intangibles, sales, value-added, ad valorem, payroll, employment, withholding, estimated and other taxes of any kind whatsoever, whether disputed or not, and including all additions to tax, additional amounts, interest and penalties imposed with respect to such taxes.

"Taxing Authority" shall mean, with respect to any Tax, the government or governmental or regulatory body thereof, or political subdivision thereof, whether federal, state, local or foreign, or any agency, instrumentality or authority thereof, that imposes such Tax, and the agency (if any) charged with the collection of such Tax, including the IRS.

Other capitalized terms defined elsewhere in this Agreement shall have the meaning given them.

Section 2. Tax Payments.

(a) Estimated Income Tax Payments. For each Taxable Period beginning after the date of the IPO, CCO shall pay, or cause to be paid, to Parent the amount of any estimated Income Taxes owed by any CCO Group Member and paid by Parent on such CCO Group Member's behalf, whether or not such estimated Income Tax is attributable to an Income Tax Return filed on a consolidated, combined or unitary basis with any

Parent Group Member ("Estimated Income Tax Payments"). In the case of any Estimated Income Tax Payments with respect to which any CCO Group Member joins any Parent Group Member in filing an Income Tax Return on a consolidated, combined or unitary basis, the amount of such Estimated Income Tax Payments that are owed to Parent by such CCO Group Member shall be determined as if such CCO Group Member filed a separate Income Tax Return based solely on the income, apportionment factors and other Tax Items of such CCO Group Member. For any Taxable Period that begins prior to and ends after the date of the IPO (an "IPO Straddle Period"), the Estimated Income Tax Payments of such CCO Group Member shall be determined based on the Tax Items of such CCO Group Member that accrue after the date of the IPO (a "Post-Closing IPO Straddle Period"), calculated as if there were an interim closing of the books of such CCO Group Member as of the close of business on the date of the IPO. For any Taxable Period that begins prior to and ends after the date of a Deconsolidation Event (a "Deconsolidation Straddle Period"), the Estimated Income Tax Payments of such CCO Group Member shall be determined based on the Tax Items of such CCO Group Member that accrue before or on the date of the Deconsolidation Date (a "Pre-Closing Deconsolidation Straddle Period"), calculated as if there were an interim closing of the books of such CCO Group Member as of the close of business on the date of the Deconsolidation Event. For purposes of determining the amount of Estimated Income Tax Payments of each CCO Group Member, to the extent that such CCO Group Member would be entitled to file an Income Tax Return with respect to the applicable Income Tax on a consolidated, combined or unitary basis with any other CCO Group Member, the Estimated Income Tax Payments of such CCO Group Members shall be determined as though such CCO Group Members filed an Income Tax Return with respect to such Income Tax on a consolidated, combined or unitary basis based solely on the income, apportionment factors and other Tax Items of such CCO Group Members.

(b) Separate Income Tax Liability. For each Taxable Period beginning after the IPO, CCO shall pay, or cause to be paid, to Parent an amount equal to the excess, if any, of (i) the Income Taxes incurred by any CCO Group Member under applicable Tax law and paid by Parent on such CCO Group Member's behalf or, in the case of any Income Tax with respect to which any CCO Group Member joins any Parent Group Member in filing an Income Tax Return on a consolidated, combined or unitary basis, the amount of Income Taxes that would be incurred by the CCO Group Member had such CCO Group Member filed a separate Income Tax Return based solely on the income, apportionment factors and other Tax Items of such CCO Group Member ("Separate Income Tax Liability"), over (ii) the aggregate amount of Estimated Income Tax Payments actually made to Parent with respect to the Separate Income Tax Liability for such Taxable Period. If the aggregate amount of Estimated Income Tax Payments actually made to Parent with respect to the Separate Income Tax Liability for such Taxable Period exceeds such Separate Income Tax Liability, Parent shall pay to CCO an amount equal to such excess. In addition, to the extent that any Parent Group Member utilizes for any Taxable Period beginning after the date of the IPO, any credits or deductions, including, without limitation, foreign tax credits, alternative minimum tax credits, net operating losses or net capital losses, which are attributable to any CCO Group Member, and such utilization results in a Tax Benefit being realized by such Parent Group Member (treating any credits or deductions attributable to the Parent Group

as utilized prior to the utilization of any credits or deductions attributable to the CCO Group), then Parent shall pay to CCO the amount of such Tax Benefit at the time of the filing of the Income Tax Return reflecting the realization of the Tax Benefit and such credits or deductions for which Parent has paid CCO shall not be utilizable by any CCO Group Member for purposes of computing such CCO Group Member's Estimated Income Tax Payments or Separate Income Tax Liability. For purposes of determining the amount of a CCO Group Member's Separate Income Tax Liability, to the extent that such CCO Group Member would be entitled to file an Income Tax Return on a consolidated, combined or unitary basis with any other CCO Group Member, the Separate Income Tax Liability of such CCO Group Members shall be determined as though such CCO Group Members had filed a consolidated, combined or unitary Income Tax Return based solely on the income, apportionment factors and other Tax Items of such CCO Group Members.

(c) Additional Calculations. For purposes of determining the amount of a CCO Group Member's Estimated Income Tax Payments and Separate Income Tax Liability, Parent shall be entitled to claim all deductions arising by reason of the exercise of any stock options to purchase shares of Parent stock, or arising by reason of the payment of deferred or other compensation by Parent to the extent such payment is not reimbursed by CCO. In addition, for purposes of any Income Tax Return filed by, with respect to or on behalf of, any CCO Group Member (whether or not such CCO Group Member files an Income Tax Return on a consolidated, combined or unitary basis with any Parent Group Member), Parent shall be, to the extent permitted by applicable Tax law, entitled to claim all deductions arising by reason of the exercise of any stock options to purchase Parent stock or arising by reason of the payment of deferred or other compensation by Parent to the extent such payment is not reimbursed by CCO. If, pursuant to a Final Determination, all or any part of such deduction is disallowed or is proposed to be disallowed to Parent then, to the extent permitted by applicable Tax law, the appropriate CCO Group Member shall report such deduction on its Income Tax Return (including an amended Income Tax Return). If a CCO Group Member realizes a Tax Benefit in any Taxable Period beginning after the date of the IPO, as a result of a deduction arising by reason of the exercise of any stock option to purchase shares of Parent stock or arising by reason of the payment of deferred or other compensation by Parent to the extent such payment is not reimbursed by CCO, CCO shall pay the amount of such Tax Benefit to Parent.

(d) Timing. For each Taxable Period beginning after the date of the IPO, Parent shall prepare and deliver to CCO a schedule (the "Schedule") showing in reasonable detail Parent's calculation of any Estimated Income Tax Payments or Separate Income Tax Liability, as the case may be, of each CCO Group Member and, subject to Section 7, (i) CCO shall pay to Parent the amount of any Estimated Income Tax Payments or Separate Income Tax Liability shown on the Schedule no later than the later of (A) fifteen days before the date that such payment is due and payable to the applicable Taxing Authority and (B) ten days after CCO's receipt of the Schedule, and (ii) any payments by Parent to CCO required pursuant to Section 2(b) hereof shall be made, based on the Schedule, no later than the date such consolidated, combined or unitary Income Tax Return is filed with the applicable Taxing Authority. Except as otherwise provided herein, all indemnification or other payments to be made pursuant to this

Agreement shall be made within fifteen days of written notice of a request for indemnification or payment by the Indemnified Party, which notice shall be accompanied by a computation of the amount due. If any payments required to be made pursuant to this Agreement (including Estimated Income Tax Payments) are not made when due, such payments shall bear interest at the prevailing federal short-term interest rate as determined under section 6621 of the Code.

(e) Adjustments. If, as a result of a Final Determination, there is an Adjustment that would have the effect of increasing or decreasing a CCO Group Member's Separate Income Tax Liability for Taxable Periods beginning after the date of the IPO, then CCO shall pay to Parent the amount of any increased Separate Income Tax Liability, and Parent shall pay to CCO the amount of any decreased Separate Income Tax Liability; provided, however, that Parent's payment to CCO shall not exceed the net amount of payments received by Parent from CCO with respect to the Separate Income Tax Liability for such Taxable Periods. If, as a result of a Final Determination, there is an Adjustment to any of the credits or deductions attributable to any CCO Group Member which resulted in a payment by Parent to CCO pursuant to Section 2(b) of this Agreement that would have the effect of increasing or decreasing the Tax Benefit to the Parent Group Member utilizing such credit or deduction, then CCO shall pay to Parent the amount of any decreased Tax Benefit and Parent shall pay to CCO the amount of any increased Tax Benefit.

(f) Other Adjustments and Indemnification. If, as a result of a Final Determination, there is an Adjustment with respect to any Tax Item of any CCO Group Member for any Taxable Period ending on or before the date of the IPO, including any portion of a IPO Straddle Period ending on the date of the IPO, that results in a Tax Detriment being realized by any Parent Group Member, or by any CCO Group Member for which the Parent Group is otherwise liable, then CCO shall indemnify Parent against such Tax Detriment. In addition, if there is an Adjustment pursuant to section 482 of the Code or similar authority under applicable Tax law which results in a Tax Detriment being realized by any Parent Group Member or any CCO Group Member, on the one hand, and a corresponding Tax Benefit being realized by any CCO Group Member or any Parent Group Member, on the other, which is not otherwise taken into account through payments or indemnification under this Agreement, then CCO shall pay to Parent or Parent shall pay to CCO, as the case may be, the amount of such Tax Benefit. Parent shall indemnify CCO to the extent that any CCO Group Member becomes liable for the Income Tax liability of any Parent Group Member, as a result of being a member of the Affiliated Group of which Parent is the common parent corporation, for federal tax purposes, or a member of the combined, consolidated or unitary group, for foreign, state or local tax purposes, which includes any Parent Group Member, in excess of the Separate Income Tax Liability of such CCO Group Member, and, except as otherwise provided herein, Parent shall indemnify CCO against any Income Tax liability for which CCO has paid to Parent pursuant to this Agreement.

(g) Reimbursements. Notwithstanding the foregoing, each CCO Group Member shall be jointly and severally liable to Parent for, and CCO, on behalf of each CCO Group Member, shall pay, or caused to be paid, any payment made by Parent on

behalf of any CCO Group Member for Taxes owed by such CCO Group Member other than pursuant to this Agreement within five days of receipt of written notification from Parent that such payment has been made.

Section 3. Income Tax Return Preparation. Parent shall prepare and file, or cause to be prepared and filed, all Income Tax Returns that are required under applicable law to be filed by, with respect to or on behalf of, any CCO Group Member (whether or not such CCO Group Member files an Income Tax Return on a consolidated, combined or unitary basis with any Parent Group Member), including, without limitation, all Income Tax Returns which Parent determines shall be filed on a consolidated, combined or unitary basis with any Parent Group Member, for any IPO Straddle Period and any Taxable Period beginning before a Deconsolidation Event. CCO shall reimburse Parent for an allocable portion of its expenses incurred in preparing and filing Income Tax Returns on behalf of any CCO Group Member, as such allocation is reasonably determined by Parent.

Section 4. Audits. Parent shall have sole responsibility for and control over any Tax Controversy with respect to Income Taxes of each CCO Group Member. CCO shall reimburse Parent for an allocable portion of its expenses incurred in conducting such Tax Controversies on behalf of any CCO Group Member, as such allocation is reasonably determined by Parent.

Section 5. Cooperation.

(a) Tax Information.

(i) CCO shall, and shall cause each CCO Group Member, to cooperate with Parent in the preparation and filing of Income Tax Returns, as described in Section 3, or in the conduct of Tax Controversies, as described in Section 4, by maintaining such books and records and providing on a timely basis such information as may be necessary or useful in the filing of such Income Tax Returns or the conduct of such Tax Controversies and executing any documents, providing any further information and taking any actions which Parent may reasonably request in connection therewith.

(ii) If any CCO Group Member fails to provide any information requested pursuant to this Section 5 on a timely basis, then Parent shall have the right to engage an independent certified public accountant of its choice to gather such information. CCO agrees to permit any such independent certified public accountant full access to all Income Tax Returns and other relevant information in the possession of any CCO Group Member during reasonable business hours, and to reimburse or pay directly all costs and expenses incurred in connection with the engagement of such independent certified public accountant.

(iii) If any CCO Group Member supplies information to a Parent Group Member in connection with the preparation and filing of any Income Tax Return or in connection with the conduct of any Tax Controversy and an officer of the requesting party signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then a duly authorized officer of

the party supplying such information shall certify, under penalties of perjury, the accuracy and completeness of the information so supplied. CCO shall indemnify and hold harmless each Parent Group Member and its respective officers and employees, against any cost, fine, penalty or other expenses of any kind attributable to an CCO Group Member supplying a Parent Group Member with inaccurate or incomplete information, in connection with the preparation and filing of any Income Tax Return or in connection with the conduct of any Tax Controversy.

(b) Other Cooperation.

(i) Whenever any CCO Group Member learns of a breach or a violation of any obligation or provision contained in this Agreement, or receives in writing from any Taxing Authority notice of an Adjustment which may give rise to a payment under this Agreement, CCO shall give notice to Parent within ten days of such CCO Group Member becoming aware of such breach, violation or receipt, but if a Parent Group Member is required to respond to the IRS or any other Taxing Authority, such notice shall be given no less than ten days before such response is required.

(ii) Parent may consult with CCO, and CCO agrees to fully cooperate with Parent in the negotiation, settlement or litigation of any liability for Income Taxes of any Parent Group Member, regardless of the effect of any such negotiation, settlement or litigation on the Separate Income Tax Liability of any CCO Group Member.

(c) Agent. CCO, on behalf of itself and each other CCO Group Member, hereby appoints Parent as its agent (i) for the purpose of preparing and filing any Income Tax Return of such CCO Group Member (whether or not such Income Tax Return is filed on a consolidated, combined or unitary basis with any Parent Group Member), (ii) for the purpose of representing such CCO Group Member in the course of any Tax Controversy as set forth in Section 4, and (iii) for the purpose of making any election or taking any action in connection with any of the foregoing on behalf of each CCO Group Member. CCO, on behalf of itself and each other CCO Group Member, hereby consents to the preparation and filing of each such Income Tax Return and to the making of any elections and the taking of any action as set forth above.

Section 6. Retention of Records. CCO agrees to retain, and cause each CCO Group Member to retain, the appropriate records which may affect the determination of the Separate Income Tax Liability of any CCO Group Member or the Income Tax liability of any Parent Group Member which files an Income Tax Return on a consolidated, combined or unitary basis with any CCO Group Member until such time as there has been a Final Determination with respect thereto. Any CCO Group Member intending to destroy any materials, records, or documents relating to Income Taxes shall provide Parent with 90 days advance notice and the opportunity to copy or take possession of such materials, records and documents.

Section 7. Resolution of Disputes. Any dispute concerning the calculation or basis of determination of any payment provided for hereunder shall be resolved by the independent certified public accountants for Parent, whose judgment shall be conclusive and binding upon the parties.

Section 8. Spin-Off of CCO.

(a) Indemnities for Distribution Taxes.

(i) CCO's Indemnity of Parent. Notwithstanding any provision of this Agreement to the contrary, including Section 8(a)(iii), CCO shall indemnify Parent, each other Parent Group Member and their respective directors, officers and employees, and hold them harmless from and against any and all Distribution Taxes and Losses, on an after-Tax basis, resulting from the Distribution not qualifying as a tax-free distribution under section 355 of the Code to the extent such Distribution Taxes and Losses arise from or are attributable to:

(1) any act, failure to act or omission of or by any CCO Group Member that is inconsistent with any material, information, covenant or representation in the Officer's Certificate or the Ruling Request;

(2) any act, failure to act or omission of or by any CCO Group Member after the Distribution Date, including a cessation, transfer to Affiliates or disposition of its active trades or businesses, or an issuance of stock, stock buyback or payment of an extraordinary dividend by any CCO Group Member following the Distribution Date;

(3) any acquisition of any stock or assets of any CCO Group Member by one or more Persons prior to or following the Distribution Date;

(4) any issuance by any CCO Group Member, or change in ownership of stock of any CCO Group Member, that causes section 355(d) or section 355(e) of the Code to apply to the Distribution; or

(5) a breach of any covenant set forth in Section 8(b)(i).

(ii) Parent's Indemnity of CCO. Notwithstanding any provision of this Agreement to the contrary, including Section 8(a)(iii), Parent shall indemnify

CCO, each other CCO Group Member and their respective directors, officers and employees, and hold them harmless from and against any and all Distribution Taxes and Losses, on an after-Tax basis, resulting from the Distribution not qualifying as a tax-free distribution under section 355 of the Code to the extent such Distribution Taxes and Losses arise from or are attributable to:

(1) any act, failure to act or omission of or by any Parent Group Member that is inconsistent with any material, information, covenant or representation in the Officer's Certificate or the Ruling Request;

(2) any act, failure to act or omission of or by any Parent Group Member after the Distribution Date, including a cessation, transfer to Affiliates or disposition of its active trades or businesses, or an issuance of stock, stock buyback or payment of an extraordinary dividend by any Parent Group Member following the Distribution Date;

(3) any acquisition of any stock or assets of any Parent Group Member by one or more Persons prior to or following the Distribution Date; or

(4) any issuance by any Parent Group Member, or change in ownership of stock of any Parent Group Member, that causes section 355(d) or section 355(e) of the Code to apply to the Distribution.

(iii) Joint Responsibility for Distribution Taxes. Except as provided in Sections 8(a)(i) and (ii), Parent and CCO shall each indemnify the other, and its Affiliates, and their respective directors, officers and employees and hold them harmless from and against fifty percent (50%) of any and all Distribution Taxes and Losses, on an after-Tax basis, that result from the Distribution not qualifying as a tax-free distribution under section 355 of the Code.

(b) Covenants of CCO. During the 2 year period following the Distribution Date, CCO shall not, and shall not permit any other CCO Group Member to, without the prior written consent of Parent, which may be granted or withheld in its sole discretion: (1) sell or transfer all or substantially all of the assets comprising the active trade or business relied upon in connection with the Letter Ruling or any interest in any Entity that conducts such active trade or business; (2) merge with another Entity, without regard to which party is the surviving Entity; and (3) issue or cause to be issued stock of any CCO Group Member (or any instrument that is convertible or exchangeable into any such stock) in an acquisition or public or private offering, and shall not issue stock of CCO (or any instrument that is convertible or exchangeable into any such stock) in an acquisition or public or private offering.

(c) Cooperation with Letter Ruling and Tax Opinion. In its sole discretion and control, Parent shall have the right to seek and obtain the Letter Ruling and the Tax Opinion. CCO shall, and shall cause each other CCO Group Member to, assist and

cooperate with Parent and take all actions requested by Parent in connection with (i) any Ruling Request submitted by Parent to the IRS to obtain the Letter Ruling and (ii) obtaining the Tax Opinion. Such assistance and cooperation shall include making any representation or covenant or providing any material or information requested by Parent, the IRS or tax counsel rendering the Tax Opinion; provided, no CCO Group Member shall be required to make any representation or covenant that is inconsistent with historical facts or as to future matters or event over which it has no control.

Section 9. Miscellaneous.

(a) Term of the Agreement. This Agreement shall become effective as of the date of its execution and, except as otherwise expressly provided herein, shall continue in full force and effect indefinitely.

(b) Injunctions. The parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. The parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which they may be entitled at law or in equity.

(c) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such which may be hereafter declared invalid, void or unenforceable. In the event that any such term, provision, covenant or restriction is held to be invalid, void or unforeseeable, the parties hereto shall use their best efforts to find and employ an alternate means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction.

(d) Assignment. Except by operation of law or in connection with the sale of all or substantially all the assets of a party hereto, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by any party hereto without the advance written consent of the other party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, however, that the provisions of this Agreement shall be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective successors and permitted assigns.

(e) Further Assurances. Subject to the provisions hereof, the parties hereto shall make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as may be reasonably required in order to effectuate the purposes of this Agreement and to consummate the transactions contemplated hereby. Subject to the provisions hereof, each of the parties shall, in connection with entering into

this Agreement, performing its obligations hereunder and taking any and all actions relating hereto, comply with all applicable laws, regulations, orders and decrees, obtain all required consents and approvals and make all required filings with any Taxing Authority, governmental agency, other regulatory or administrative agency, commission or similar authority, and promptly provide the other parties with all such information as they may reasonably request in order to be able to comply with the provisions of this sentence.

(f) Parties in Interest. Except as herein otherwise specifically provided, nothing in this Agreement expressed or implied is intended to confer any right or benefit upon any Person other than the parties hereto, their respective successors and permitted assigns, and any Subsidiary that subsequently becomes a Parent Group Member or a CCO Group Member.

(g) Waivers, Etc. No failure or delay on the part of the parties in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No modification or waiver of any provision of this Agreement, nor the consent to any departure by the parties therefrom, shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

(h) Setoff. All payments to be made by any party under this Agreement shall be made without setoff, counterclaim or withholding, all of which are expressly waived.

(i) Change of Law. If, due to any change in applicable law or regulations or their interpretation by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement, the performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

(j) Confidentiality. Subject to any contrary requirement of law and the right of each party to enforce its rights hereunder in any arbitration or legal action, each party agrees that it shall keep strictly confidential, and shall cause its employees and agents to keep strictly confidential, any information which it or any of its employees or agents may acquire pursuant to, or in the course of performing its obligations under, any provision of this Agreement.

(k) Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(l) Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto, and each such executed counterpart shall be, and shall be deemed to be, an original instrument.

(m) Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein shall be validly given, made or served, if in writing and delivered personally, by telegram or sent by registered mail, postage prepaid, or by facsimile transmission to:

Parent at: ______________________________
____
____
Attn: Chief Financial Officer

CCO at: ______________________________
____
____
Attn: Chief Financial Officer

or to such other address as any party may, from time to time, designate in a written notice given in a like manner. Notice delivered personally or given by telegram shall be deemed delivered when received by the recipient. Notice given by mail as set out above shall be deemed delivered five calendar days after the date the same is mailed. Notice given by facsimile transmission shall be deemed delivered on the day of transmission provided telephone confirmation of receipt is obtained promptly after completion of transmission.

(n) Costs and Expenses. Unless otherwise specifically provided herein, each party agrees to pay its own costs and expenses resulting from the exercise of its respective rights or the fulfillment of its respective obligations hereunder.

(o) Applicable Law. This Agreement shall be governed by and construed and enforced in accordance with the domestic substantive laws of the State of Texas without regard to any choice or conflict of laws, rules or provisions that would cause the application of the domestic substantive laws of any other jurisdiction.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed by their respective officers, each of whom is duly authorized, all as of the day and year first above written.

CLEAR CHANNEL COMMUNICATIONS, INC.

By: ______________________________
Name: ______________________________
Title: Chief Financial Officer

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: ______________________________
Name: ______________________________
Title: Chief Financial Officer

Exhibit 10.5

EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement, dated as of ___, 2005, is made between Clear Channel Communications, Inc. (“Clear Channel”), a Texas corporation, and Clear Channel Outdoor Holdings, Inc. (“Holdings”), a Delaware corporation.

Recitals

WHEREAS, Holdings is an indirect wholly-owned subsidiary of Clear Channel; and

WHEREAS, the parties contemplate an initial public offering of stock of Holdings after and as a result of which persons other than Clear Channel will own approximately 10% of the outstanding shares of Holdings; and

WHEREAS, the parties desire to set forth in writing the terms of their agreement relating to certain compensation and employee benefits matters following the initial public offering of stock of Holdings.

NOW, THEREFORE, in consideration of the mutual agreements contained, and subject to the completion of the initial public offering of Holdings stock, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

As used in this Agreement, the following terms shall have the meanings set forth below.

Section 1.01 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, any successor statute thereto and all applicable regulations thereunder.

Section 1.02 “Clear Channel” shall have the meaning ascribed to such term in the preamble hereto.

Section 1.03 “Clear Channel Plans” shall mean any of the following arrangements sponsored by Clear Channel or its subsidiaries (other than Holdings and its subsidiaries):

(a) any plan, fund, or program which provides health, medical, surgical, hospital or dental care or other welfare benefits, or benefits in the event of sickness, accident or disability, or death benefits, apprenticeship or other training programs, or day care centers, scholarship funds, or employee assistance plans,

(b) any plan, fund, or program which provides retirement income to employees or results in a deferral of income by employees for periods extending to the termination of covered employment or beyond,

(c) any plan, fund or program which provides severance, unemployment, vacation or fringe benefits (including dependent and health care accounts),

(d) any incentive compensation plan, deferred compensation plan, stock option or stock-based incentive or compensation plan, or stock purchase plan, or

(e) any other "employee pension benefit plan" (as defined in Section 3(2) of ERISA), any other "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other written or oral plan, agreement or arrangement involving direct or indirect compensation including, without limitation, insurance coverage, severance benefits, disability benefits, fringe benefits, pension or retirement plans, profit sharing, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation.

Section 1.04 "Code" means the Internal Revenue Code of 1986, as amended.

Section 1.05 "Holdings" shall have the meaning ascribed to such term in the preamble hereto.

Section 1.06 "IPO" means the initial public offering of shares of Holdings stock, as a result of which Clear Channel shall own less than 100% but more than 80% of the outstanding shares of Holdings stock.

Section 1.07 "Master Agreement" shall mean the Master Agreement Between Clear Channel Communications, Inc. and Clear Channel Outdoor Holdings, Inc. Dated ______ ___, 2005.

ARTICLE 2
PAYROLL AND EMPLOYEE BENEFIT PLANS

Section 2.01 Payroll. Following the completion of the IPO, Clear Channel shall continue to administer the payroll of Holdings and its subsidiaries in a manner and on a basis consistent with past practice as in effect immediately prior to the IPO, subject, however, to the terms of this Agreement and such other terms and conditions as may be determined by Clear Channel with respect to its subsidiaries generally.

Section 2.02 Employee Benefit Plan Participation. Except as otherwise provided by and subject to the terms of this Agreement, following the completion of the IPO, Holdings and its subsidiaries shall continue to be participating employers in the Clear Channel Plans, on the same basis as is in effect immediately prior to the IPO and in accordance with the terms and provisions of the Plans as they now exist or are hereafter amended.

Section 2.03 Termination or Withdrawal of Plan Participation. Notwithstanding anything to the contrary contained herein or in any Plan, at any time and from time to time, upon at least 90 days notice, (a) Clear Channel may terminate the participation by Holdings and any of its subsidiaries in any Plan, and (b) Holdings for itself or any of its subsidiaries may withdraw as a participating employer in any Plan. Unless sooner terminated and unless and except to the extent (if any) the parties agree otherwise, the participation by Holdings and its subsidiaries in all

Clear Channel Plans, as well as the payroll administration services described in Section 2.01, will end if and at such time as Clear Channel owns less than 80% of the total combined voting power of all classes of Holdings' capital stock entitled to vote.

Section 2.04 Liabilities Post-Termination. Except as otherwise explicitly and specifically provided in this Agreement or any subsequent agreement between the parties, if and at such time as Clear Channel owns less than 80% of the total combined voting power of all classes of Holdings' capital stock entitled to vote, Holdings and its subsidiaries shall assume or retain, as the case may be, and pay, perform, fulfill and discharge any and all liabilities or obligations relating to the employment or termination of employment of any current or former employee or other personnel of Holdings or any of its subsidiaries, and their dependents and beneficiaries, regardless of when such liabilities or obligations are or were incurred.

ARTICLE 3
INCENTIVE COMPENSATION PLANS

Section 3.01 Annual Incentive Compensation. Holdings shall be responsible for making any determinations otherwise required to be made by the committee under the Clear Channel Communications, Inc. 2005 Annual Incentive Plan for the calendar year in which the IPO is completed with respect to Employees of Holdings and its subsidiaries who are "covered employees" within the meaning of Section 162(m) of the Code, including determinations of (a) the extent to which established performance criteria (after taking into account the effects of Clear Channel's corporate restructure) have been met, and (b) the payment level for each such Employee. The cost of such incentives shall be charged to Holdings, consistent with past practice.

Section 3.02 Stock Incentive Plans.

(a) Shareholder Approval of Incentive Plan. Prior to the IPO, Clear Channel shall cause Holdings to adopt and, as the sole shareholder of Holdings, approve the adoption of the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan, with terms and conditions substantially similar to the terms and conditions of the Clear Channel Communications, Inc. 2001 Stock Incentive Plan, and with such changes as Clear Channel, acting on the advice of counsel, deems appropriate.

(b) Clear Channel Options. As authorized by the committee pursuant to its authority under the Clear Channel Stock Incentive Plans, as soon as practicable after completion of the IPO, any outstanding Clear Channel stock options held by Employees of Holdings and its subsidiaries shall be converted into options to purchase Class A shares of Holdings stock pursuant to the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan. The conversion will be structured so as to preserve the aggregate intrinsic value of each option, as well as the ratio of the per share exercise price and the per share value of the stock covered by the option, pre- and post- conversion. The Holdings stock options issued in the conversion will be subject to the same vesting and other material terms and conditions as are applicable to the predecessor Clear Channel stock options.

ARTICLE 4
MISCELLANEOUS

Section 4.01 Employer Stock in 401(k) Plans. Clear Channel may cause the addition of a Holdings stock fund to the list of available investments under the Clear Channel 401(k) plans.

Section 4.02 Applicability to Subsidiaries. Each of Clear Channel and Holdings shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by an a subsidiary of Clear Channel or Holdings, respectively.

Section 4.03 Fiduciary Matters. The parties acknowledge that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable law. Neither party shall be deemed to be in violation of this Agreement if it fails to comply with any provision of this Agreement based upon its good faith determination that to do so would violate such a fiduciary duty or standard. Each party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other party for any liabilities caused by the failure to satisfy any such responsibility.

Section 4.04 Headings. The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 4.05 Counterparts. This Agreement may be executed in one or more counterparts, and by the different parties to each such agreement in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 4.06 Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any party hereto without the prior written consent of the other parties hereto. This Agreement is for the sole benefit of the parties to this Agreement and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 4.07 Amendment. No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to such agreement. No waiver by any party of any provision hereof shall be effective unless explicitly set forth in writing and executed by the party so waiving. The waiver by either party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

Section 4.08 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced under any Law or as a matter of public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being

enforced, the parties to this Agreement shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the greatest extent possible.

Section 4.09 Master Agreement Provisions. The following provisions of the Master Agreement are hereby incorporated herein by reference and, unless otherwise expressly specified herein, shall apply as if fully set forth herein: Article V (relating to releases and indemnification); Article IV (relating to exchange of information and confidentiality); Article VII (relating to resolution of disputes); and Article VIII (relating to miscellaneous items).

Section 4.10 Applicable Law. To the extent not preempted by applicable federal law, this Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of Texas, without regard to its choice of laws principles, as to all matters, including matters of validity, construction, effect, performance and remedies.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first above written.

CLEAR CHANNEL COMMUNICATIONS, INC.

By: ______________________________

Name:
Title:

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: ______________________________

Name:
Title:

Exhibit 10.10

FIRST AMENDMENT
TO
SENIOR UNSECURED TERM PROMISSORY NOTE

THIS FIRST AMENDMENT TO SENIOR UNSECURED TERM PROMISSORY NOTE, entered into on October 7, 2005, but in all regards intended to be effective as of August 2, 2005 (this "***Amendment***"), is made to the Senior Unsecured Term Promissory Note dated August 2, 2005 (the "***Original Note***"), in the original principal amount of $2.5 billion, executed by Clear Channel Outdoor, Inc. a Delaware corporation ("***Maker***"), as maker thereof, originally payable to the order of Clear Channel Outdoor Holdings, Inc., a Delaware corporation ("***CCO***"), transferred, by endorsement, by CCO to Clear Channel Holdings, Inc., a Delaware corporation ("***Holdings***"), and subsequently transferred, by endorsement, by Holdings to Clear Channel Communications, Inc., a Texas corporation ("***CCU***").

Recitals. CCU, as the current legal and equitable owner and holder, and the payee, of the Original Note, and Maker desire to amend the Original Note (i) to exclude *ab initio* from its mandatory prepayment requirements the equity issuance contemplated by the initial public offering of CCO and (ii) to clarify that certain borrowings under the Credit Facility will not require a mandatory prepayment on the Note. Now, therefore, in consideration of the premises, covenants and agreements herein contained, and for other good and valuable consideration, the receipt, sufficiency and reasonably equivalent value of which are acknowledged by the parties hereto, Maker and CCU agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined herein have the meanings and uses assigned in the Original Note, and the term "***Note***" when used in this Amendment means the Original Note, as amended hereby.

SECTION 2. Amendments.

2.1. The term "***Debt Issuance***" as defined and used in the Original Note is hereby amended in its entirety to read as follows:

" '***Debt Issuance***' means each issuance or incurrence of debt of any nature (public or private) by Maker or its parent (other than CCU, if applicable), or any subsidiaries of either of them, other than (i) borrowings permitted under the offshore or similar sub-facility pursuant to the Credit Facility, (ii) other commercial debt for working capital purposes only and (iii) internal financing from CCU or its designee, including cash management debt from time to time outstanding

2.2. The term "***Equity Issuance***" as defined and used in the Original Note is hereby amended in its entirety to read as follows:

" '***Equity Issuance***' means each issuance of equity of any nature (public or private, common, preferred or otherwise) by the Maker or its parent (other than CCU, if applicable), or any subsidiaries of either of them, other than any one or more issuances of Class A common stock of CCO (i) to, or for the benefit of, any officers, directors or employees of, or consultants to, CCO or CCU (or, without duplication, any subsidiaries of either of them) pursuant to a qualified plan (under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time (together with all rules and regulations promulgated with respect thereto, the "***Code***")), an employee stock purchase

plan that satisfies the requirements of Section 423 of the Code, CCO's 2005 Stock Incentive Plan or any other compensatory plan or program duly approved by CCO's or CCU's, as applicable, board of directors or (ii) pursuant to the initial public offering of Class A common stock of CCO, *provided* that the net proceeds of such initial public offering are applied as described in the registration statement or other applicable disclosure document of CCO related thereto."

SECTION 3. Representations and Warranties. Maker represents and warrants to CCU that Maker's representations and warranties set forth in the Original Note are true and correct in all material respects as if made on the date hereof and on the effective date hereof, except as they may specifically relate to an earlier date.

SECTION 4. Continuing Effect of Original Note Each of the Original Note and the other Subject Documents, as amended hereby, is hereby ratified and confirmed in all respects, and all references to the "Note" in the Original Note or any other Subject Document shall mean the Original Note, as amended hereby. This Amendment shall not constitute an amendment of, or waiver with respect to, any provision of the Original Note not expressly referred to herein and shall not be construed as an amendment, waiver or consent to any action on the part of any party hereto that would require an amendment, waiver or consent of CCU except as expressly stated herein.

SECTION 5. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the law of the State of Texas.

SECTION 6. Successors and Assigns. This Amendment is binding upon and shall inure to the benefit of Maker and CCU and their respective successors and assigns permitted by the Note, except Maker may not assign or otherwise transfer any of its rights or obligations hereunder other than as provided in the Note.

SECTION 7. Counterparts. This Amendment may be executed in any number of counterparts, and by each party hereto on separate counterparts, each of which counterpart when so executed shall be an original, but all such counterparts taken together shall constitute one and the same instrument. A counterpart signature page delivered by fax or internet transmission shall be as effective as delivery of an originally executed counterpart.

[***Remainder of Page Left Intentionally Blank***]

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed and delivered by their respective proper and duly authorized officers on, and effective as of, the respective dates set forth above.

MAKER:

Clear Channel Outdoor, Inc.

By /s/ Brian Coleman
Name: Brian Coleman
Title: Senior Vice President — Treasurer

PAYEE:

Clear Channel Communications, Inc.

By /s/ Brian Coleman
Name: Brian Coleman
Title: Senior Vice President — Treasurer

Exhibit 10.11

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
2005 STOCK INCENTIVE PLAN

1. Purpose. The purpose of the plan is to facilitate the ability of Clear Channel Outdoor Holdings, Inc. (the "Company") and its subsidiaries to attract, motivate and retain eligible employees, directors and other personnel through the use of equity-based and other incentive compensation opportunities. Awards made under the plan may take the form of options to purchase shares of the Company's common stock, $.01 par value (the "Common Stock") granted pursuant to Section 6, director shares issued pursuant to Section 7, stock appreciation rights granted pursuant to Section 7, restricted stock and deferred stock rights issued or granted pursuant to Section 9, other types of stock-based awards made pursuant to Section 10, and/or performance-based awards made pursuant to Section 11.

2. Administration.

2.1 The Committee. The Plan will be administered by the compensation committee of the Company's board of directors, except the entire board will have sole authority for granting and administering awards to non-employee directors.

2.2 Responsibility and Authority of the Committee. Subject to the provisions of the Plan, the committee, acting in its discretion, will have responsibility and the power and authority to (a) select the persons to whom awards will be made, (b) prescribe the terms and conditions of each award and make amendments thereto, (c) construe, interpret and apply the provisions of the Plan and of any agreement or other document evidencing an award made under the Plan, and (d) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the Plan. The committee may obtain at the Company's expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as the committee deems appropriate in connection with the proper administration of the plan.

2.3 Delegation of Authority by Committee. Subject to the requirements of applicable law, the committee may delegate to any person or group or subcommittee of persons (who may, but need not be members of the committee) such Plan-related functions within the scope of its responsibility, power and authority as it deems appropriate. If the committee wishes to delegate a particular function to a subcommittee consisting solely of its own members, it may choose to do so on a de facto basis by limiting the members entitled to vote on matters relating to that function. Reference herein to the committee with respect to functions delegated to another person, group or subcommittee will be deemed to refer to such person, group or subcommittee.

2.4 Committee Actions. A majority of the members of the committee shall constitute a quorum. The committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the committee as to any disputed question arising under the plan or an agreement or other document governing an individual award, including questions of construction, interpretation and administration, shall be final and conclusive on all persons. The committee shall keep a record of

its proceedings and acts and shall keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the plan.

2.5 Indemnification. The Company shall indemnify and hold harmless each member of the board of directors of the committee or of any subcommittee appointed by the board of directors or the committee and any employee of the Company or any of its subsidiaries and affiliates who provides assistance with the administration of the plan or to whom a plan-related responsibility is delegated, from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the board of directors), damage and expense (including reasonable legal fees and other expenses incident thereto and, to the extent permitted by applicable law, advancement of such fees and expenses) arising out of or incurred in connection with the plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

3. Limitations on Company Stock Awards Under the Plan.

3.1 Aggregate Share Limitation. Subject to adjustments required or permitted by the plan, the Company may issue a total of forty-two million (42,000,000) shares of Common Stock under the plan. For these purposes, the following shares of Common Stock will not be taken into account and will remain available for issuance under the plan: (a) shares covered by awards that expire or are canceled, forfeited, settled in cash or otherwise terminated, (b) shares delivered to the Company and shares withheld by the Company for the payment or satisfaction of purchase price or tax withholding obligations associated with the exercise or settlement of an award, and (c) shares covered by stock-based awards assumed by the Company in connection with the acquisition of another company or business.

3.2 Individual Employee Limitations. In any calendar year, (a) the total number of shares that may be covered by awards made to an individual may not exceed 1,000,000 plus the aggregate amount of such individual's unused annual share limit as of the close of the preceding calendar year, (b) the maximum amount of cash that may be payable to an individual pursuant to performance-based cash awards made under the plan is $5,000,000 plus the aggregate amount of such individual's unused annual dollar limit as of the close of the preceding calendar year.

4. Eligibility to Receive Awards. Awards may be granted under the plan to any present or future director, officer, employee, consultant or adviser of or to the Company or any of its subsidiaries. For purposes of the plan, a subsidiary is any entity in which the Company has a direct or indirect ownership interest of at least 50%.

5. Stock Option Awards.

5.1 General. Stock options granted under the Plan will have such vesting and other terms and conditions as the committee, acting in its discretion in accordance with the Plan, may determine, either at the time the option is granted or, if the holder's rights are not adversely affected, at any subsequent time.

5.2 Minimum Exercise Price. The exercise price per share of Common Stock covered by an option granted under the plan may not be less than 100% of the fair market value

per share on the date the option is granted (110% in the case of "incentive stock options" (within the meaning of Section 422 of the Code) granted to an employee who is a 10% stockholder within the meaning of Section 422(b)(6) of the Code). For purposes of the plan, unless determined otherwise by the committee, the fair market value of a share of Common Stock on any date is the closing sale price per share in consolidated trading of securities listed on the principal national securities exchange or market on which shares of Common Stock are then traded, as reported by a recognized reporting service or, if there is no sale on such date, on the first preceding date on which such shares are traded. Prior to the time of an initial public offering by the Company of Class A shares of its common stock, the committee may make option or other awards under the plan that become effective only if and when the public offering is completed, in which case, unless the committee determines otherwise, the fair market value per share at the effective time of such award(s) will be deemed to be equal to the initial public offering price.

5.3 Limitation on Repricing of Options. Except for adjustments made in accordance with Section 13, the repricing of stock options granted under the plan is prohibited in the absence of stockholder approval.

5.4 Maximum Duration. Unless sooner terminated in accordance with its terms, an option granted under the plan will automatically expire on the tenth anniversary of the date it is granted or, in the case of an "incentive stock option" granted to an employee who is a 10% stockholder, the fifth anniversary of the date it is granted.

5.5 Effect of Termination of Employment or Service. The committee may establish such exercise and other conditions applicable to an option following the termination of the optionee's employment or other service with the Company and its subsidiaries as the committee deems appropriate on a grant-by-grant basis. For purposes of the plan, an individual's employment or service with the Company and its subsidiaries will be deemed to have terminated if such individual is no longer receiving or entitled to receive compensation for providing services to the Company and its subsidiaries.

5.6 Method of Exercise. An outstanding and exercisable option may be exercised by transmitting to the Secretary of the Company (or other person designated for this purpose by the committee) a written notice identifying the option that is being exercised and specifying the number of whole shares to be purchased pursuant to that option, together with payment in full of the exercise price and the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Company have been made for such payment(s). The exercise price may be paid in cash or in any other manner the committee, in its discretion, may permit, including, without limitation, (a) by the delivery of previously-owned shares, (b) by a combination of a cash payment and delivery of previously-owned shares, or (c) pursuant to a cashless exercise program established and made available through a registered broker-dealer in accordance with applicable law. Any shares transferred to the Company (or withheld upon exercise) in connection with the exercise of an option shall be valued at fair market value for purposes of determining the extent to which the exercise price and/or tax withholding obligation is satisfied by such transfer (or withholding) of shares.

5.7 Non-Transferability. No option shall be assignable or transferable except upon the optionee's death to a beneficiary designated by the optionee in a manner prescribed or approved for this purpose by the committee or, if no designated beneficiary shall survive the optionee, pursuant to the optionee's will or by the laws of descent and distribution. During an optionee's lifetime, options may be exercised only by the optionee or the optionee's guardian or legal representative. Notwithstanding the foregoing, the committee may permit the inter vivos transfer of an option (other than an "incentive stock option") pursuant to a domestic relations order (within the meaning of Rule 16a-12 promulgated under the Exchange Act) in settlement of marital property rights, or by gift to any "family member" (within the meaning of Item A.1.(5) of the General Instructions to Form S-8 or any successor provision), on such terms and conditions as the committee deems appropriate.

5.8 Rights as a Stockholder. No shares of Common Stock shall be issued in respect of the exercise of an option until payment of the exercise price and the applicable tax withholding obligations have been satisfied or provided for to the satisfaction of the Company, and the holder of an option shall have no rights as a stockholder with respect to any shares covered by the option until such shares are duly and validly issued by the Company to or on behalf of such holder.

6. Director Shares.

6.1 The committee may permit non-employee directors to elect to receive all or part of their annual retainers in the form of shares ("Director Shares"). Unless the committee determines otherwise, any such elections may be made during the month a director first becomes a director and during the last month of each calendar quarter thereafter, and shall remain in effect unless and until the end of the calendar quarter in which a new election is made (or, if later, the calendar quarter next following the calendar quarter in which the director first becomes a director). Any such election shall also indicate the percentage of the retainer to be paid in shares and shall contain such other information as the committee or the Board may require.

6.2 The Company shall issue Director Shares on the first trading day of each calendar quarter to all directors on that trading day except any Director whose retainer is to be paid entirely in cash. The number of Director Shares issuable to a director on the relevant trading date shall equal:

[% multiplied by (R/4)] divided by P

WHERE:

% = the percentage of the director's retainer that is payable in shares;

R = the director's retainer for the applicable calendar year; and

P = the closing price, as quoted on the principal exchange on which shares are traded, on the date of issuance.

Director Shares shall not include any fractional shares. Fractions shall be rounded to the nearest whole share.

7. Stock Appreciation Rights.

7.1 General. The committee may grant stock appreciation rights ("SARs"), either alone or in connection with the grant of an option, upon such vesting and other terms and conditions as the committee, acting in its discretion in accordance with the Plan, including, as applicable, Section 7 (relating to options), may determine, either at the time the SARs are granted or, if the holder's rights are not adversely affected, at any subsequent time. Upon exercise, the holder of an SAR shall be entitled to receive a number of whole shares of Common Stock having a fair market value equal to the product of *X* and *Y*, where—

X = the number of whole shares of Common Stock as to which the SAR is being exercised, and

Y = the excess of the fair market value per share of Common Stock on the date of exercise over the fair market value per share of Common Stock on the date the SAR is granted (or such greater base value as the committee may prescribe at the time the SAR is granted).

7.2 Tandem SARs. An SAR granted in tandem with an option shall cover the same shares covered by the option (or such lesser number of shares as the committee may determine) and, unless the committee determines otherwise, shall be subject to the same terms and conditions as the related option. Upon the exercise of an SAR granted in tandem with an option, the option shall be canceled to the extent of the number of shares as to which the SAR is exercised, and, upon the exercise of an option granted in tandem with an SAR, the SAR shall be canceled to the extent of the number of shares as to which the option is exercised.

7.3 Method of Exercise. An outstanding and exercisable SAR may be exercised by transmitting to the Secretary of the Company (or other person designated for this purpose by the committee) a written notice identifying the SAR that is being exercised and specifying the number of shares as to which the SAR is being exercised, together with payment in full of the withholding taxes due in connection with the exercise, unless and except to the extent that other arrangements satisfactory to the Company have been made for such payment. The withholding taxes may be paid in cash or in any other manner the committee, in its discretion, may permit, including, without limitation, (a) by the delivery of previously-owned shares of Common Stock, or (b) by a combination of a cash payment and the delivery of previously-owned shares. The committee may impose such additional or different conditions for exercise of an SAR as it deems appropriate. No fractional shares will be issued in connection with the exercise of an SAR.

7.4 Rights as a Stockholder. No shares of Common Stock shall be issued in respect of the exercise of an SAR until payment of the applicable tax withholding obligations have been satisfied or provided for to the satisfaction of the Company, and the holder of an SAR shall have no rights as a stockholder with respect to any shares issuable upon such exercise until such shares are duly and validly issued by the Company to or on behalf of such holder.

8. Restricted Stock and Deferred Stock Awards.

8.1 General. Under a restricted stock award, shares of Common Stock will be issued by the Company to the recipient at the time of the award. Under a deferred stock award, the recipient will be entitled to receive shares of Common Stock in the future. The shares covered by a restricted stock award and the right to receive shares under a deferred stock award will be subject to such vesting and other conditions and restrictions as the committee, acting in its discretion in accordance with the plan, may determine.

8.2 Minimum Purchase Price. Unless the committee, acting in accordance with applicable law, determines otherwise, the purchase price payable for shares of Common Stock transferred pursuant to a restricted or deferred stock award must be at least equal to the par value of the shares.

8.3 Issuance of Restricted Stock. Shares of Common Stock issued pursuant to a restricted stock award may be evidenced by book entries on the Company's stock transfer records pending satisfaction of the applicable vesting conditions. If a stock certificate for restricted shares is issued, the certificate will bear an appropriate legend to reflect the nature of the conditions and restrictions applicable to the shares. The Company may require that any or all such stock certificates be held in custody by the Company until the applicable conditions are satisfied and other restrictions lapse. The committee may establish such other conditions as it deems appropriate in connection with the issuance of certificates for restricted shares, including, without limitation, a requirement that the recipient deliver a duly signed stock power, endorsed in blank, for the shares covered by the award.

8.4 Stock Certificates for Vested Stock. The recipient of a restricted or deferred stock award will be entitled to receive a certificate, free and clear of conditions and restrictions (except as may be imposed in order to comply with applicable law), for shares that vest in accordance with the award, subject, however, to the payment or satisfaction of applicable withholding taxes. The delivery of vested shares covered by a deferred stock award may be deferred if and to the extent provided by the terms of the award, subject, however, to the applicable deferral requirements of Section 409A of the Code.

8.5 Rights as a Stockholder. Subject to and except as otherwise provided by the terms of a restricted stock award, the holder of restricted shares of Common Stock will be entitled to receive dividends paid on, and exercise voting rights associated with, such shares as if the shares were fully vested. The holder of a deferred stock award shall no rights as a stockholder with respect to shares covered by a deferred stock award unless and until the award vests and the shares are issued; provided, however, that the committee, in its discretion, may provide for the payment of dividend equivalents on shares covered by a deferred stock award.

8.6 Nontransferability. Neither a restricted or deferred stock award nor restricted shares of Common Stock issued pursuant to any such award may be sold, assigned, transferred, disposed of, pledged or otherwise hypothecated other than to the Company or its designee in accordance with the terms of the award or of the plan, and any attempt to do so shall be null and void and, unless the committee determines otherwise, shall result in the immediate forfeiture of the award or the restricted shares, as the case may be.

8.7 Termination of Service Before Vesting; Forfeiture. Unless the committee determines otherwise, shares of restricted stock and non-vested deferred stock awards will be forfeited upon the recipient's termination of employment or other service with the Company and its subsidiaries. If shares of restricted stock are forfeited, any certificate representing such shares will be canceled on the books of the Company and the recipient will be entitled to receive from the Company an amount equal to any cash purchase price previously paid for such shares. If a non-vested deferred stock award is forfeited, the recipient will have no further right to receive the shares of Common Stock covered by the non-vested award.

9. Other Equity-Based Awards. The committee may grant dividend equivalent payment rights, phantom shares, bonus shares and other forms of equity-based awards to eligible persons, subject to such terms and conditions as it may establish. Awards made pursuant to this section may entail the transfer of shares of Common Stock to the recipient or the payment in cash or otherwise of amounts based on the value of shares of Common Stock and may include, without limitation, awards designed to comply with or take advantage of applicable tax and/or other laws, provided, that the terms and conditions of any award that is treated as non-qualified deferred compensation must satisfy the applicable deferral requirements of Section 409A of the Code.

10. Performance Awards.

10.1 General. The committee may condition the grant, exercise, vesting or settlement of equity-based awards under the Plan (whether settled in shares of Common Stock or cash or other property) on the achievement of specified performance goals in accordance with this section.

10.2 Objective Performance Goals. A performance goal established in connection with an award covered by this section must be (a) objective, so that a third party having knowledge of the relevant facts could determine whether the goal is met; (b) prescribed in writing by the committee at a time when the outcome is substantially uncertain, but in no event later than the first to occur of (1) the 90th day of the applicable performance period, or (2) the date on which 25% of the performance period has elapsed; and (c) based on any one or more of the following business criteria, applied to an individual, a subsidiary, a business unit or division, the Company and any one or more of its subsidiaries, or such other operating unit(s) as the committee may designate (in each case, subject to the conditions of the performance-based compensation exemption from Section 162(m) of the Code):

(i) earnings per share,

(ii) share price or total shareholder return,

(iii) pre-tax profits,

(iv) net earnings,

(v) return on equity or assets,

(vi) revenues,

(vii) operating income before depreciation, amortization and non-cash compensation expense,

(viii) market share or market penetration, or

(ix) any combination of the foregoing.

The applicable performance goals may be expressed in absolute or relative terms, and must include an objective formula or standard for computing the amount of compensation payable to an employee if the goal is attained. A formula or standard is objective if a third party having knowledge of the relevant performance results could calculate the amount to be paid to the employee. The formula or standard may provide for the payment of a higher or lower amount depending upon whether and the extent to which a performance goal is attained. The committee may not use its discretion to increase the amount of compensation payable that would otherwise be due upon attainment of a performance goal; provided that, subject to the requirements for exemption under Section 162(m) of the Code, the committee may make appropriate adjustments to an award in order to equitably reflect changes in accounting rules, corporate transactions (including, without limitation, dispositions and acquisitions) and other similar types of events or circumstances occurring during the applicable performance period.

10.3 Determination of Amount Payable. Following the expiration of the performance period applicable to an award made under this section, the committee shall determine whether and the extent to which the performance goals have been attained and the amount of compensation, if any, that is payable as a result. The committee must certify in writing prior to payment of the compensation that the performance goals and any other material terms of the award were in fact satisfied. Compensation otherwise payable pursuant to a performance-based award made under this section will be subject to the individual limitations set forth in section 3.2.

11. Capital Changes, Reorganization or Sale of the Company.

11.1 Adjustments Upon Changes in Capitalization. The aggregate number and class of shares issuable under the plan, the total number and class of shares with respect to which awards may be granted to any individual in any calendar year, the number and class of shares and the exercise price per share covered by each outstanding option, the number and class of shares and the base price per share covered by each outstanding SAR, and the number and class of shares covered by each outstanding deferred stock award or other-equity-based award, and any per-share base or purchase price or target market price included in the terms of any such award, and related terms shall be subject to adjustment in order to equitably reflect the effect on issued shares of Common Stock resulting from a split-up, spin-off, recapitalization, consolidation of shares or any similar capital adjustment, and/or to reflect a change in the character or class of shares covered by the plan and an award.

11.2 Cash, Stock or Other Property for Stock. Except as otherwise provided in this Section, in the event of an Exchange Transaction (as defined below), all option holders shall be permitted to exercise their outstanding options and SARs in whole or in part (whether or not otherwise exercisable) immediately prior to such Exchange Transaction, and any outstanding

options and SARs which are not exercised before the Exchange Transaction shall thereupon terminate. Notwithstanding the preceding sentence, if, as part of an Exchange Transaction, the stockholders of the Company receive capital stock of another corporation ("Exchange Stock") in exchange for their shares of Common Stock (whether or not such Exchange Stock is the sole consideration), and if the Company's board of directors, in its sole discretion, so directs, then all options and SARs for Common Stock that are outstanding at the time of the Exchange Transaction shall be converted into options or SARs (as the case may be) for shares of Exchange Stock. The number of shares of Exchange Stock and the exercise price per share under a converted option will be adjusted such that (a) the ratio of the exercise price per share to the value per share at the time of the conversion (which value will be equal to the consideration payable for each share of Common Stock in the Exchange Transaction) is the same as the ratio of the per share exercise price to the value of per share of Common Stock under the original option; and (b) the aggregate difference between the value of the shares of Exchange Stock and the exercise price under the converted option immediately after the Exchange Transaction is the same as the aggregate difference between the value of the shares of Common Stock and the exercise price under the original option immediately before the Exchange Transaction. Similar adjustments will be made to the number of shares of Exchange Stock and the base value per share covered by SARs that are converted. Unless the Company's board of directors determines otherwise, the vesting and other terms and conditions of the converted options and SARs shall be substantially the same as the vesting and corresponding other terms and conditions of the original options and SARs. The Company' board of directors, acting in its discretion, may accelerate vesting of other non-vested awards, and cause cash settlements and/or other adjustments to be made to any outstanding awards (including, without limitation, options and SARs) as it deems appropriate in the context of an Exchange Transaction, taking into account with respect to other awards the manner in which outstanding options and SARs are being treated.

11.3 Definition of Exchange Transaction. For purposes of the plan, the term "Exchange Transaction" means a merger (other than a merger of the Company in which the holders of Common Stock immediately prior to the merger have the same proportionate ownership of Common Stock in the surviving corporation immediately after the merger), consolidation, acquisition or disposition of property or stock, separation, reorganization (other than a mere reincorporation or the creation of a holding company), liquidation of the Company or any other similar transaction or event so designated by the Company's board of directors in its sole discretion, as a result of which the stockholders of the Company receive cash, stock or other property in exchange for or in connection with their shares of Common Stock.

11.4 Fractional Shares. In the event of any adjustment in the number of shares covered by any award pursuant to the provisions hereof, any fractional shares resulting from such adjustment shall be disregarded, and each such award shall cover only the number of full shares resulting from the adjustment.

11.5 Determination of Board to be Final. All adjustments under this Section shall be made by the Company's board of directors, and its determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive.

12. Termination and Amendment of the Plan. The board of directors of the Company may terminate the plan at any time or amend the plan at any time and from time to time; provided, however, that:

(a) no such action shall impair or adversely alter any awards theretofore granted under the plan, except with the consent of the recipient or holder, nor shall any such action deprive any such person of any shares which he or she may have acquired through or as a result of the plan; and

(b) to the extent necessary under applicable law or the requirements of any stock exchange or market upon which the shares of Common Stock may then be listed, no amendment shall be effective unless approved by the stockholders of the Company in accordance with applicable law.

Notwithstanding the foregoing, no incentive stock options may be granted subsequent to the tenth anniversary of the date the plan is adopted. The plan does not have a fixed termination date.

(c) Limitation of Rights. Nothing contained in the plan or in any award agreement shall confer upon any recipient of an award any right with respect to the continuation of his or her employment or other service with the Company or a subsidiary or other affiliate, or interfere in any way with the right of the Company and its subsidiaries and other affiliates at any time to terminate such employment or other service or to increase or decrease, or otherwise adjust, the compensation and/or other terms and conditions of the recipient's employment or other service.

13. Miscellaneous.

13.1 Governing Law. The plan and the rights of all persons claiming under the plan shall be governed by the laws of the State of Delaware, without giving effect to conflicts of laws principles thereof.

13.2 Shares Issued Under Plan. Shares of Common Stock available for issuance under the plan may be authorized and unissued, held by the Company in its treasury or otherwise acquired for purposes of the plan. No fractional shares of Common Stock will be issued under the plan.

13.3 Compliance with Law. The Company will not be obligated to issue or deliver shares of Common Stock pursuant to the plan unless the issuance and delivery of such shares complies with applicable law, including, without limitation, the Securities Act of 1933, as amended, the Exchange Act, and the requirements of any stock exchange or market upon which the Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

13.4 Transfer Orders; Placement of Legends. All certificates for shares of Common Stock delivered under the plan shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law.

The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

13.5 Decisions and Determinations Final. All decisions and determinations made by the Company's board of directors pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the board of directors, all decisions and determinations of the committee, shall be final, binding and conclusive on all persons.

13.6 Withholding of Taxes. As a condition to the exercise and/or settlement of any award or the lapse of restrictions on any award or shares, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company or a subsidiary with respect to an award, the Company and/or the subsidiary may (a) deduct or withhold (or cause to be deducted or withheld) from any payment or distribution otherwise payable to the award recipient, whether or not such payment or distribution is covered by the plan, or (b) require the recipient to remit cash (through payroll deduction or otherwise) or make other arrangements permitted by the Company, in each case in an amount or of a nature sufficient in the opinion of the Company to satisfy or provide for the satisfaction of such withholding obligation. If the event giving rise to the withholding obligation involves a transfer of shares of Common Stock, then, at the sole discretion of the committee, the recipient may satisfy the withholding obligations associated with such transfer by electing to have the Company withhold shares of Common Stock or by tendering previously-owned shares of Common Stock, in each case having a fair market value equal to the amount of tax to be withheld.

13.7 Disqualifying Disposition. If a person acquires shares of Common Stock pursuant to the exercise of an incentive stock option and the shares so acquired are sold or otherwise transferred in a "disqualifying disposition" (within the meaning of Section 424(c) of the Code) within two-years from the date the option was granted or one year after the option is exercised, such person shall, within ten days of such disposition, notify the Company thereof, by delivery of written notice to the Company at its principal executive office.

13.8 Effective Date. The plan shall become effective on the date it is initially approved and adopted by the Company's board of directors. However, no awards may be made pursuant to the plan after the date preceding the date of the first annual meeting of the Company's stockholders occurring after December 31, 2006, unless the Company's stockholders approve the plan at such meeting.

Exhibit 10.12

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
2006 ANNUAL INCENTIVE PLAN

1. Purpose. The purpose of the plan is to provide performance-based incentive compensation to executive officers and other selected key executives of Clear Channel Outdoor Holdings, Inc. (the "Company") and its subsidiaries, which, as applicable, will not be subject to the executive compensation deduction limitations of Section 162(m) of the Internal Revenue Code of 1986 (the "Code").

2. Administration.

2.1 The Committee. The plan will be administered by the compensation committee of the Company's board of directors, or a committee of such other persons as the board of directors may appoint. Unless the board of directors determines otherwise, the members of the committee must be "outside directors" for purposes of 162(m) of the Code.

2.2 Responsibility and Authority of the Committee. Subject to the provisions of the plan, the committee, acting in its discretion, will have responsibility and authority to (a) select the individuals who may participate in the plan, (b) prescribe the terms and conditions of each participant's award and make amendments thereto, (c) determine whether and the extent to which performance goals have been met, (d) construe, interpret and apply the provisions of the plan and of any agreement or other document evidencing an award made under the plan, and (e) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the plan. In exercising its responsibilities, the committee may obtain at the Company's expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as it deems appropriate. The decision of the committee regarding any disputed question, including questions of construction, interpretation and administration, shall be final and conclusive on all persons.

2.3 Manner of Exercise of Committee Authority. The Committee may delegate responsibilities with respect to the administration of the Plan to one or more officers of the Company or any of its subsidiaries, to one or more members of the Committee or to one or more members of the Board; provided, however, that the Committee may not delegate its responsibility if and to the extent such delegation would cause an award to fail to constitute "qualified performance-based compensation" under Section 162(m) of the Code. The committee may also appoint agents to assist in the day-to-day administration of the Plan and may delegate the authority to execute documents under the plan to one or more members of the committee or to one or more officers of the Company.

2.4 Indemnification. The Company shall indemnify and hold harmless each member of the board of directors and of the committee or any employee of the Company or any of its subsidiaries and affiliates who provides assistance with the administration of the plan or to whom a plan-related responsibility is delegated from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the board of directors), damage and expense (including reasonable legal fees and other expenses incident thereto and, to the extent permitted by applicable law, advancement of such fees and expenses) arising out of or incurred

in connection with the plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

3. Performance-Based Compensation Opportunities.

3.1 General. Each award made under the plan will represent the right to receive incentive compensation upon the achievement of one or more performance objectives that are established by the committee and communicated to the recipient of the award by the 90th day of the applicable performance period or, if earlier, before 25% of the applicable performance period has elapsed. The committee will determine the performance period applicable to an award. Subject to the requirements of the plan and applicable law, each award will contain such other terms and conditions as the committee, acting in its discretion, may prescribe.

3.2 Performance Criteria. Performance objectives may be based upon any one or more of the following criteria: revenue growth, operating income before depreciation and amortization and non-cash compensation expense ("OIBDAN"), OIBDAN growth, funds from operations, funds from operations per share and per share growth, cash available for distribution, cash available for distribution per share and per share growth, operating income and operating income growth, net earnings, earnings per share and per share growth, return on equity, return on assets, share price performance on an absolute basis and relative to an index, improvements in attainment of expense levels, implementing or completion of critical projects, or improvement in cash-flow (before or after tax).

3.3 Performance Objectives. The amount, if any, payable to a participant with respect to an award will depend upon whether and the extent to which the performance objective(s) of the award are achieved during the applicable performance period. Performance objectives may be established on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis and/or with respect to operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. The committee may establish different levels of payment under an award to correspond with different levels of achievement of performance objectives specified in the award. Awards may contain more than one performance objective; and performance objectives may be based upon multiple performance criteria. Multiple performance objectives contained in an award may be aggregated, weighted, expressed in the alternative or otherwise specified by the committee. The level or levels of performance specified with respect to a performance objective may be expressed in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable companies or an index covering multiple companies, or otherwise as the committee may determine. Notwithstanding anything to the contrary contained in the plan, the performance objectives under any award must be objective and must otherwise meet the requirements of Section 162(m) of the Code.

3.4 Adjustments. The committee may reduce or eliminate an award made under the plan for any reason, including, without limitation, changes in the position or duties of a participant during or after a performance period, whether due to termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. In addition, to the extent necessary to preserve the intended economic effects of the plan and individual awards, the committee may make appropriate adjustments to

the performance objectives and other terms of an award to properly reflect (a) a change in corporate capitalization; (b) a material or extraordinary corporate transaction involving the Company or a subsidiary, including, without limitation, a merger, consolidation, reorganization, spin-off, or the sale of a subsidiary or of the assets of a business or division (whether or not such transaction constitutes a reorganization within the meaning of Section 368(a) of the Code); (c) a partial or complete liquidation of the Company or a subsidiary, or (d) a change in accounting or other relevant rules or regulations; provided, however, that no adjustment hereunder shall be authorized or made if and to the extent that the authority to make or the making of such adjustment would cause an award to fail to satisfy the requirements for "qualified performance-based compensation" under Section 162(m) of the Code.

3.5 Certification. Following the completion of the performance period applicable to an award, the committee shall determine and shall certify in writing whether and the extent to which the performance objective(s) under the award have been achieved, as well as the amount, if any, payable to the participant as a result of such achievement(s), which determination(s) and certification(s) shall be subject to and shall be made in accordance with the requirements of Section 162(m) of the Code.

3.6 Payment of Amounts Earned. Subject to such deferral and/or other conditions as may be permitted or required by the committee, amounts earned under an award will be paid or distributed as soon as practicable following the committee's determination and certification of such amounts.

3.7 Maximum Annual Amount Payable to a Participant. Notwithstanding anything to the contrary contained herein, no individual may earn more than $15,000,000 in any calendar year pursuant to an award made to such individual under the plan.

4. Termination of Employment; Death. Unless the committee determines otherwise, no amount will be payable under an award made to a participant whose employment with the Company and its subsidiaries terminates (for any reason other than death) before the payment date of such award. If a participant dies before receiving payment of an amount earned under the plan, such payment will be made to the deceased participant's designated beneficiary, if any, or, if none, to the deceased participant's estate. No beneficiary designation shall be effective unless it is in writing and received by the committee prior to the participant's death, and any such designation will supersede and be deemed a revocation of any prior beneficiary designation made by the participant.

5. Withholding Taxes. All amounts payable pursuant to the settlement of an award made under the plan are subject to applicable tax withholding. The Company and its subsidiaries shall withhold funds (or other property) from the payment of any such award and shall be entitled to take such other action with respect to other amounts that are or may become payable to the participant as may be necessary or appropriate in order to enable the Company and its subsidiaries to satisfy such tax withholding requirements.

6. No Implied Rights Afforded to Participants. No award and nothing contained in the plan or in any document relating to the plan shall confer upon an eligible employee or participant any right to continue as an employee of the Company or a subsidiary or constitute a contract or

agreement of employment, or interfere in any way with the right of the Company and its subsidiaries to reduce such person's compensation, to change the position held by such person or to terminate such person's employment, with or without cause.

7. Non-transferability. No interest in or under an award made or a payment due or to become due under the plan may be assigned, transferred or otherwise alienated other than by will or the laws of descent and distribution, and any attempted assignment, alienation, sale, transfer, pledge, encumbrance, charge or other alienation of any such interest shall be void and unenforceable.

8. Amendment and Termination. The board of directors of the Company or the committee may amend the plan at any time and from time to time. Any such amendment may be made without approval of the Company's stockholders unless and except to the extent such approval is required in order to satisfy the stockholder approval requirements of Section 162(m) of the Code. The Company's board of directors may terminate the plan.

9. Unfunded Status of Awards. The plan is intended to constitute a bonus plan and not a pension other employee benefit plan or purposes of ERISA. The right of a participant (or beneficiary) to receive payment(s) under a plan award will constitute and be equivalent to the right of a general unsecured creditor of the Company (or the subsidiary by whom the participant is or was employed, as the case may be), whether or not a trust is created and funded in order to facilitate the payment of amounts due or to become due under the plan (including, for this purpose, any deferral arrangement made with respect to any such payment).

10. Miscellaneous.

10.1 Governing Law. The plan and any award made under the plan will be subject to and construed in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable federal law.

10.2 Section 162(m) of the Code. It is intended that amounts payable pursuant to awards made under the plan will constitute "qualified performance based compensation" and thus be exempt from the annual $1 million limitation on the deductibility of executive compensation. The plan and each award made under the plan will be interpreted, construed and applied accordingly.

10.3 Effective Date. The plan is effective as of January 1, 2006. The plan will terminate on the date of the first annual meeting of the Company's stockholders following December 31, 2006, unless the plan is approved by the Company's stockholders at such meeting. The performance criteria specified in the plan shall be re-submitted for stockholder approval as and when required by Treasury Department regulations in order to ensure compliance with the stockholder approval requirements of Section 162(m) of the Code on an ongoing basis.

Exhibit 21.1

SUBSIDIARIES OF CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

Domestic Subsidiaries
1567 Media LLC
50-20 27th Street LIC, Inc.
701 W. 135th Corp.
Abaco Properties, Inc.
Adshel Canada Inc.
AK Florida Outdoor, Inc.
CCO Ontario Holdings, Inc.
Chicago Shelters Advertising, Inc.
Clear Channel Adshel, Inc.
Clear Channel Airports of Georgia Inc.
Clear Channel Airports of Texas Joint Venture
Clear Channel Brazil Holdco, LLC
Clear Channel LA, LLC
Clear Channel Outdoor Company Canada II
Clear Channel Outdoor Holdings Company Canada
Clear Channel Outdoor Holdings, Inc.
Clear Channel Outdoor, Inc.
Clear Channel Spectacolor, LLC
Clear Channel Taxi Advertising Corp.
Clear Channel Taxi Media, LLC
Delta Outdoor Advertising, Inc.
Eller Media Company Canada
Eller Taxi Television, LLC
Eller-PW Company, LLC
Eltex Investment Corporation
Exceptional Outdoor, Inc.
Get Outdoors Florida, LLC
HCA, Inc.
Interstate Bus Shelter, Inc
Keller/Booth/Sumner JV
Kelnic II JV
Outdoor Management Services, Inc.
Quantum Structures & Designs, Inc.
Shelter Advertising of America, Inc.
Shelter Advertising of Hialeah, Inc.
Sunset Advertising, Inc.
Universal Outdoor, Inc.

International Subsidiaries
A D Publicitas Padove
Ad Moving Spa

Ad Sky Korea Co., Ltd.
Adcart Ab
Adshel (Brazil) Ltda
Adshel Argentina
Adshel Canada, Inc.
Adshel Chile Ltda
Adshel Ireland Limited
Adshel Ltd.
Adshel Ltda
Adshel New Zealand Ltd.
Adshel Ni Ltd.
Adshel Street Furniture Pty Ltd.
Advertising Agents Kwazulu Ltd.
Advertising Media Trading (N.V.)
Affimetri Sas
Affitalia
Airport Advertising (Pty) Ltd.
Alessi
Altmedia (Pty) Ltd.
Bigger Than Life Sa (Pty) Ltd.
Bk Studi Bv
Buspak
Busreklame Danmark As
Capa Kinoreklame
CC Bahamas
CC Caribbean
CC Cayco Limited
CC Cp Lp
CC Haidemenos Hellas Societe Anonyme (Greece)
CC International Bv
CC International Holdings B.V.
CC Netherlands Bv I.O (Netherlands)
CCO Ontario Holding, Inc.
Cee Realty (Ontario Canada)
China Outdoor Media Investment (Hk) Co., Ltd.
China Outdoor Media Investment, Inc.
Ciskei Advertising (Pty) Ltd.
City Lights Ltd.
City Reklame As
Citysites Outdoor Adv (Alberta)
Citysites Outdoor Adv.
Citysites Outdoor Adv. (South Australia)
Citysites Outdoor Adv.(West Australia)
Cityspace Ab
Cityspace Ltd.

Clear Channel Acir Holdings Nv
Clear Channel Adshel AS
Clear Channel Airport Pte Ltd
Clear Channel Baltics & Russia Limited (Russian Entity)
Clear Channel Baltics And Russia Ab
Clear Channel Banners Limited
Clear Channel Belgium Sa
Clear Channel Brazil Holding Ltda.
Clear Channel Communications India Pvt Ltd
Clear Channel Company Canada II
Clear Channel CP II Bv
Clear Channel CP III Bv
Clear Channel CP IV Bv
Clear Channel CP VII Bv
Clear Channel CV
Clear Channel Danmark A/S
Clear Channel Espana
Clear Channel Estonia A/S
Clear Channel European Holdings Sas
Clear Channel Finland
Clear Channel France
Clear Channel Gibralter
Clear Channel Hillenaar Bv
Clear Channel Holding Ag
Clear Channel Holding Italia
Clear Channel Holdings Cv
Clear Channel Holdings, Ltd.
Clear Channel Hong Kong Ltd.
Clear Channel Independent
Clear Channel Independent Media (Pty) Limited
Clear Channel International Ltd.
Clear Channel Ireland Ltd.
Clear Channel Italia
Clear Channel Italy Outdoor Srl
Clear Channel KNR Neth Antilles Nv
Clear Channel Latvia
Clear Channel Lietuva (Lithuania)
Clear Channel More France Sa
Clear Channel Ni Ltd
Clear Channel Norway As
Clear Channel Outdoor Mexico, Servicious Corporativos, Se De Cv
Clear Channel Outdoor Mexico Sa De Cv
Clear Channel Outdoor Mexico, Operaciones Sa De Cv

Clear Channel Outdoor Mexico, Servicios Administrativos, Se De Cv
Clear Channel Outdoor Spanish Holdings S.L.
Clear Channel Overseas Ltd.
Clear Channel Pacific
Clear Channel Plakanda Gmbh
Clear Channel Poland Sp.Z.O.O.
Clear Channel Sales Ab
Clear Channel Sao Paulo Participacoes Ltda
Clear Channel Singapore
Clear Channel Solutions
Clear Channel South Africa Invest. Pty Ltd.
Clear Channel South America S.A.C.
Clear Channel Sverige Ab
Clear Channel Tanitim Ve Lierisin As
Clear Channel UK Ltd
Clear Channel Worldwide International Bv
Clear Media Limited
CMT
Cody Outdoor International Ltd
Companhia Inter Africa De Publicidade (Mozambique) Ltd.
Comurben Sa
Contravision Sa (Pty) Ltd.
Corpcom (Ghana) Ltd.
Corpcom (Kenya) Ltd.
Corpcom (Lesotho) (Pty) Ltd.
Corpcom (Mauritius) Ltd.
Corpcom (Swaziland) (Pty) Ltd.
Corpcom (Uganda) Ltd.
Corpcom Cameroon
Corpcom Cote D' Ivoire Ltd.
Corpcom Management Services (Pty) Ltd. (Sa)
Corpcom Nigeria Ltd.
Corpcom Outdoor (Pty) Ltd. (Sa)
Corpcom Polska
Corpcom Properties (Pty) Ltd.
Dardale Investments (Pty) Ltd. (Sa)
Dauphin Adshel
Dauphin Mobilier Urbain (Ile De France) (S.A.)
Day-Night Outdoor (Pty) Ltd.
Defi Asia
Defi Beijing Signage
Defi Belgique
Defi Deutschland Gmbh
Defi France Sas

Defi Group Sas
Defi Italia
Defi Lichuan
Defi Neolux (Portugal)
Defi Pologne
Defi Reklam
Defi Russie
Defi Ukraine
Dolis
Eirtam Reklaam Lic
Eller Holding Company Cayman I
Eller Holding Company Cayman Ii
Eller Media Asesarris Y Comercializacion Publicataria
Eller Media Company Canada I
Eller Media Servicios Publicitarios Ltd
EUCA
Expoplakat Ltd.
Focus Communications
Focus Panel Advertising Ltd
France Bus
France Rail Publicite
Gemini Advertising (Pty) Ltd.
Giganto Holding Cayman
Giganto Outdoor
GPU Ute
Group Jolly Pubblicita
Hainan Whitehorse Outdoor Advertising Media Investment Ltd.
Hillenaar Outdoor Advertising Bv
Hillenaar Services Bv
Iberdefi (Espagne)
Idea Piu
Illuminated Awnings Systems Ltd.
Inter Afirca Outdoor Advertising Botswana (Pty) Ltd.
Inter Africa Outdoor Advertising (Kenya) Ltd.
Inter Africa Outdoor Advertising (Sa) (Pty) Ltd.
Inter Africa Outdoor Advertising Company Ltd. (Tanzania)
Inter Africa Outdoor Advertising Ltd. (Malawi)
Inter Africa Outdoor Advertising Ltd. (Zambia)
Inter Africa Outdoor Media Advertising (Pty) Ltd. (Namibia)
Inter Africa Outdoor Zimbabwe (Pvt) Ltd.
Inter Africa Publicidade (Angola) Ltd.
Interpubli Werbe
Intuthuko Outdoor Media (Pty) Ltd.
Italy Outdoor Media Company Srl
Ixesha Marketing Namibia Pty (Ltd)

Kamasutra Bv
Kanal 5
L ‘Efficience Publicitaire S.A.
L & C Outdoor Comunicacao Visual Ltda.
Landimat
Lebowa Advertising (Pty) Ltd.
LGA Sa
Maister Outdoor Marketing (Pty) Ltd.
Mars Reklam Ve Producksiyon As
Master & More Co. Ltd.
Maverick Advertising (Pty) Ltd.
Media Management (Pty) Ltd (Sa)
Media Master Industries Sdn Bhd
Media Taxi Sa
Media Transport Brussels (S.A.)
Media Vehicle Limited
Mediabus (Morocco)
Mediaparc
Metrabus
Ming Wai (British Virgin Islands)
Ministry Of Sound
MOF Adshel Ltd.
More Alu Tech Ab
More Communications Ltd.
More Group Australia Pty Ltd.
More Media Ltd.
More O’ferral Ltd.
More O’ferrall Ireland Ltd.
Morebus Ltd.
Nathi’s Outdoor Advertising (Pty) Ltd.
Nitelites (Ireland) Ltd.
Norfax
NST Outdoor Sdn.Bhd.
Nueva Leon
Omnikon Service
Orange Bus
Outdoor Ab
Outdoor Advertising Bv
Outdoor Exchange Bv
Outdoor International Holdings Bv
Outstanding Media I Norge As
Outstanding Media Stockholm Ab
Paneles Napsa. S.A.
Plakanda Aida Gmbh
Plakanda AWI Ag

Plakanda Gmbh
Plakanda Management Ag
Plakanda Ofex Ag
Plakatron Ag
Planos Aie
Polskie Badania Outdooru Sp. Z O.O.
Polskie Badania Reklamy Zewnetrznej Sp. Z.O.O.
Procom
Pubbli A
Publicidade Klimes Sao Paulo Ltda
Publifer S.A.
Publiposter
Publirel
Regie France Panneaux Developpment As
Rent-A-Sign (Bophuthatswana) (Pty) Ltd.
Rent-A-Sign (Kwazulu) Ltd.
Rent-A-Sign (Swaziland) (Pty) Ltd.
Rent-A-Sign (Transkei) (Pty) Ltd.
Rent-A-Sign Holdings (Pty) Ltd.
Rent-A-Sign Investments (Pty Ltd.
Rent-A-Sign Lebowa (Pty) Ltd.
Rent-A-Sign Outdoor (Pty) Ltd.
Rent-A-Sign Special Projects (Pty) Ltd.
Rialfin
Safir Publicite
Sayer & Associates (Pty) Ltd (Sa)
Simon
Sirocco International S.A.
SN Mainosrinteet Oy
Start Affissioni
Streep
Street Furniture (Nsw) Pty Ltd.
Suburban & Industrial Sign Design (Pty) Ltd.
Supersigns Ltd. (Bahamas)
Supersigns Polska Sp.Zo.O (Poland)
Svetoreklama
Sviluppo & Pubblicita Srl
Tasteline Ab
Taxi Media (Hong Kong)
Thaga (Pty) Ltd.
The Canton Property Co. Ltd.
The Kildoon Property Co. Ltd.
The Media Vehicle
The Media Vehicle Bv

The Star Bill Posting & Advertising Co. (Pty) Ltd.
Transimpact Ltd.
Tricor Marketing (Botswana) (Pty) Ltd.
Tricor Marketing (Kenya) Ltd.
Tricor Marketing (Pty) Ltd. (Sa)
Tricor Marketing (Zimbabwe) (Pty) Ltd.
Urban Design Furniture Pty Ltd.
Urbasur
Ute Caja Madrid
Van Wagner France S.A.S.
Werab Werbung Hugo Wrage Gmbh & Co Kg
Williams Display Excellence Ab
Zangari

Exhibit 23.1

The following report is in the form that will be signed upon the completion of the transaction described in the Basis of Presentation in Note A to the financial statements.

/s/ Ernst & Young LLP

San Antonio, Texas
October 13, 2005

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" and to the use of our reports dated August 4, 2005 (except as to Basis of Presentation of Note A, as to which date is ______ ___, 2005), in Amendment No. 3 to the Registration Statement (Form S-1 No. 333-127375) and related Prospectus of Clear Channel Outdoor Holdings, Inc.

Ernst & Young LLP

San Antonio, Texas

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October 13, 2005

BY EDGAR AND OVERNIGHT COURIER

Securities and Exchange Commission
Division of Corporation Finance
100 F Street, N.E.
Mail Stop 0308
Washington, D.C. 20549
Attention: Ted Yu

Re: Clear Channel Outdoor Holdings, Inc.
Registration Statement on Form S-1
File No. 333-127375

Ladies and Gentlemen:

On August 10, 2005, Clear Channel Outdoor Holdings, Inc. (the "***Company***") filed its Registration Statement on Form S-1 (the "***Form S-1***") relating to the initial public offering of shares of its Class A Common Stock. The Company filed Amendment No. 1 to the Form S-1 on August 17, 2005 and Amendment No. 2 to the Form S-1 on September 26, 2005. By letter dated October 6, 2005, the Company has received the Staff's additional comments relating to the Form S-1 (the "***Comment Letter***").

In response to the Comment Letter, the Company has filed Amendment No. 3 to the Form S-1 (the "***Amendment***"). The following numbered paragraphs repeat the comments in the Comment Letter for your convenience, followed by the Company's responses to those comments.

1) We note your response to prior comment 1 of our September 9, 2005 letter. In your response letter, and with a view towards disclosure, please explain how the issuance of the $2.5 billion intercompany note helped "set the appropriate capitalization" for the company and "maximize" the value of Clear Channel Communications' investment in the company. Explain the companies' reasoning for the decision to set the "appropriate capitalization," including how they determined what capitalization was "appropriate" and the basis for this determination.

Response: In determining the size of the $2.5 billion intercompany note and the appropriate capitalization of the Company, the Company considered two primary factors:

(i) The Company set the indebtedness amount at a level at which it believes it will reasonably and comfortably be able to service its debt obligations in the future. In

determining comfort with this level, the Company analyzed commonly used coverage ratio metrics such as operating income before depreciation, amortization and non-cash compensation expense divided by interest expense. The Company believes that its cash flows from operations will be sufficient to fund its interest on indebtedness obligations for the foreseeable future.

(ii) The Company analyzed the leverage levels of peer companies in the outdoor advertising, radio, television and other media industries as measured by commonly used ratios such as total indebtedness divided by operating income before depreciation, amortization and non-cash compensation expense. The Company believes that its capitalization and leverage levels are in line with other peer companies.

In determining whether to issue intercompany or third party debt, the Company assessed the impact that third party debt would have on the total amount of indebtedness, the interest coverage ratios and the credit profile and quality of Clear Channel Communications, the Company's parent corporation. Since Clear Channel Communications will own a majority of the capital stock of the Company after the initial public offering, the Company's third party debt would be consolidated at the Clear Channel Communications level, while any intercompany debt would be eliminated in consolidation. Also, as noted in the "Risk Factors" section, since any deterioration in the financial condition of Clear Channel Communications could adversely affect the Company's access to the credit markets and increase the Company's borrowing costs, the Company determined that intercompany debt would provide more financial flexibility and would minimize the Company's cost of future liquidity as compared to third party debt.

Finally, the Company believes that the issuance of the $2.5 billion intercompany note and the resulting leverage levels on the Company maximize the value to public investors and Clear Channel Communications' stake in the Company by setting a weighted average cost of capital for the Company and its investors that most optimally reflects the asset mix and risks of the Company.

The Company has revised the disclosure on page 121 accordingly.

Prospectus Summary, page 1

2) The business discussion in your prospectus summary is still overly lengthy. Please further reduce the length of the discussion by focusing on only the key aspects of your business and strategy. For example, consider reducing the length of the "Competitive Strengths," "Our Strategy," and "Our Business" sections. Detailed discussions can be included in the Business section rather than in the prospectus summary.

Response: The Company has revised the disclosure in the prospectus summary by shortening the "Our Business," "Our Competitive Strengths" and "Our Strategy" sections on pages 1, 2 and 3.

Risk Factors, page 14

3) Please avoid using generic and vague phrases as such “may affect our advertising revenues” or “may affect our ability to conduct business” in your subheadings and discussions. Instead, use more descriptive phrases so that readers can better understand the risks’ effects.

Response: The Company has revised the disclosure in the “Risk Factors” section accordingly.

Doing business in foreign countries ... page 14

4) We note the revisions made in response to prior comment 22 of our September 9, 2005 letter. Please explain how each factor listed on pages 14-15 could specifically result in disruptions to your business or financial losses in your international operations.

Response: The Company has revised the disclosure on page 15 under the heading “Doing business in foreign countries . . .” accordingly.

Antitrust regulations may limit future acquisitions ... page 16

5) Please explain the effect on your business and strategy if the Department of Justice, Federal Trade Commission, or foreign antitrust agencies take the actions described on page 15.

Response: The Company has revised the disclosure on page 16 under the heading “Antitrust regulations may limit future acquisitions . . .” accordingly.

Management’s Discussion and Analysis, page 43

6) We note your response to prior comments 35 and 38 of our September 9, 2005 letter. As stated in Release No. 33-8350, a good overview section should “provide insight into material opportunities, challenges and risks, such as those presented by known material trends and uncertainties, on which the company’s executives are most focused for both the short and long term, as well as the actions they are taking to address these opportunities, challenges and risks.” Your response to prior comment 38 indicates that the state of the economy and advertising market have the most immediate material uncertainty surrounding the company’s business; please disclose this fact more prominently in your MD&A section. Your response also indicates that management is not currently aware of any trends relating to these factors, as well as any geological events and government regulations, that could impact the company’s operations. This belief on the part of management should also be disclosed prominently.

Response: The Company has revised the disclosure on pages 45 and 46 under the heading “Overview — Factors Affecting Results of Operations and Financial Condition” accordingly.

Use of OIBDAN, page 53

7) We note that the international segment's OIBDAN "remained relatively flat" for the six months ended June 30, 2005. Please provide quantified disclosure rather than vague phrases such as "relatively flat." Also quantify the "revenue decline" in France. Make similar revisions throughout the prospectus, as applicable.

Response: The Company has revised the disclosure in the first paragraph under the table on page 56 accordingly.

8) Please refer to prior comment 42. Please revise your disclosure to reconcile your segment OIBDAN to your segment operating income. Also, comply with this comment throughout the filing where segment OIBDAN is presented.

Response: The Company has revised the tables on pages 12, 43 and 55 to 56 accordingly.

Financial Condition and Liquidity, page 54

9) Please refer to the discussion of your investing activities for the six months ended June 30, 2005 on page 55. Indentify the "nonconsolidated affiliate."

Response: The Company has revised the interim period disclosure under "Investing Activities" on page 57 accordingly.

10) Please tell us if the reference to 2003 is a typographical error. If not, tell us how it relates to the change between the six months ended June 30, 2005 as compared to the six months ended June 30, 2004.

Response: The reference to 2003 in the interim period disclosure under "Investing Activities" on page 57 is a typographical error and has been corrected.

Liquidity, page 55

11) Please refer to the first full paragraph on page 56 ("Management believes ..."). Please quantify the period of time that management believes future funds from operations and available borrowing capacity will be sufficient to fund your debt service requirements, working capital requirements, capital expenditure requirements and costs of this offering.

Response: The Company has revised the disclosure in the second paragraph under "Liquidity — Sources of Capital" on page 58 accordingly.

12) Please refer to your discussion of the uncommitted revolving demand promissory note on page 57. We note the cross-reference to the "Cash and cash equivalents; cash management policies" discussion. Please clarify the relationship of the uncommitted revolving demand promissory note to the cash management policies. Is the uncommitted revolving

demand promissory note the same as the “cash management note[s]” discussed on page 58? If not, then disclose the material terms of the uncommitted revolving demand promissory note (e.g., amount available and interest rate).

Response: The Company has revised the disclosure in the first paragraph under “Liquidity — Sources of Capital” on page 58 to remove references to the uncommitted revolving demand promissory note and simply refer to the cash management note issued by the Company to Clear Channel Communications, since they are the same.

13) Please refer to prior comment 49. Revise your disclosure to quantify your short-term and long-term cash requirements. Your discussion should include the funds necessary to maintain current operations and any commitments for capital expenditures and other expenditures.

Response: The Company has revised the disclosure by adding the third paragraph under “Liquidity — Sources of Capital” on page 58 accordingly.

Industry Metrics, page 66

14) Please provide us with copies of the relevant excerpts from the OAAA report cited here. Disclose the basis of your belief that the growth rate for outdoor advertising was higher than the overall U.S. advertising growth.

Response: The Company has attached as Exhibit A to this response letter the relevant excerpts from an OAAA press release and the OAAA website. In addition, the Company has revised the disclosure on page 69 in the first paragraph under the heading “Industry Metrics” to provide the basis for the Company’s belief. Finally, the Company has included in the disclosure a statement regarding the recall rate for outdoor advertising. A summary of the research that supports this statement is attached as Exhibit B to this response letter.

Corporate Services Agreement, page 102

15) We note your response to prior comment 64 of our September 9, 2005 letter. Please elaborate on the “ratio” of your OIBDAN to the total Clear Channel Communications OIBDAN and how the “allocable portion” of the compensation costs and benefits are based on this ratio.

Response: The Company has revised the disclosure in the fourth paragraph on page 106 accordingly.

Combined Statement of Operations, page F-4

16) Please refer to prior comment 73. We understand that your divisional operating expenses include both cost of services and selling, general and other administrative expenses. Please segregate these line items on your statement of operations. Refer to Rule 5-03(b)(2) of Regulation S-X.

Response: The Company has segregated divisional operating expenses into direct expenses and selling, general and administrative expenses in the Amendment. The Company has not updated the interim periods but will provide the interim numbers by a future amendment.

Combined Statements of Cash Flows, pages F-6 and F-32

17) Please revise to include the impact of your foreign currency translations in the applicable line items(s) in operating activities.

Response: The Company has revised the Combined Statements of Cash Flows on pages F-6 and F-32 accordingly.

18) Please tell us why the line item, “Net cash transferred to Clear Channel Communications,” is presented as a financing activity.

Response: The line item “Net transfers (to) from Clear Channel Communications” reflect the changes in the “Due from Clear Channel Communications” account during the periods. The Company’s operating cash is swept by Clear Channel Communications and accounted for through the “Due from Clear Channel Communications” account. Although the increase in operating cash was not applied against the Company’s outstanding intercompany debt balance, it is a component of the Company’s financing transactions with Clear Channel Communications. As such, the Company believes presenting this increase as a financing activity is appropriate. It is the Company’s intention to apply the outstanding balance of the “Due from Clear Channel Communications” account at the time of the initial public offering to repay a portion of the outstanding intercompany debt with Clear Channel Communications. Therefore, the Company reclassified this account from operating activities to financing activities.

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If any member of the Staff has any questions concerning these matters or needs additional information or clarification, he or she should contact the undersigned at (210) 224-5575.

Very truly yours,

/s/ Daryl L. Lansdale, Jr.

Daryl L. Lansdale, Jr.

cc: Larry Spirgel (Securities and Exchange Commission)
Michele M. Anderson (Securities and Exchange Commission)
Robert Carroll (Securities and Exchange Commission)
Dean Suehiro (Securities and Exchange Commission)
John Tippit (Clear Channel Communications, Inc.)
John W. White (Cravath, Swaine & Moore LLP)

EXHIBIT A

OUTDOOR ADVERTISING
ASSOCIATION OF AMERICA

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Outdoor Advertising Revenue Soars 10.2% in Second Quarter

Washington, D.C., September 14, 2005 – The outdoor advertising industry posted $1.8 billion in revenue at the close of the year's second quarter. This indicates a greater than anticipated increase of 10.2% over the same period a year ago and signals acceleration of a growth trend that has been steadily increasing over the past two years. Industry revenue for the first six months of 2005 was $3.2 billion, representing a 7.0% increase from January through June. (Please see attached charts).

"The outdoor advertising industry continues its growth at a faster pace than originally projected," said Stephen Freitas, chief marketing officer for the Outdoor Advertising Association of America (OAAA). "We believe that the outdoor advertising industry's robust growth is due in large part to technological advances that have made the medium more attractive to advertisers looking for media channels unaffected by the rise of on-demand programming and content."

Over the first six months of the year, there was unprecedented growth in the Communications category, which rose an astounding 57.8% due to anticipated mergers and aggressive competition in the telecom sector. Other considerable gains were in the Insurance & Real Estate category, which increased 31.1% as home sales continued to soar, and the Media & Advertising category which grew 33.7%. Other growth categories included Retail, which was up 7%, The Automotive & Accessories category held at a 1.4% gain.

High gas prices may have affected the performance of the automotive and travel categories. The Automotive Dealers & Services category was down 18.3%, and Public Transportation, Hotels & Resorts and Restaurant categories were down 6.4% and 12.2%, respectively. The Local Services & Amusement and Financial categories had slight losses at 1.5% and 4.4%, respectively.

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The OAAA issues full industry revenue estimates that include, but are not limited to, CMR's data on billboards, member company affidavits and media projections based on a mix of recognized national syndicated data sources.

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oaaa

OUTDOOR ADVERTISING
ASSOCIATION OF AMERICA

OAAA is the trade association representing the outdoor advertising industry. It is dedicated to leading and uniting a responsible outdoor advertising industry that is committed to serving the needs of consumers, advertisers and the public. The OAAA's nearly 1,100 member companies generate $5.8 billion annually in ad revenues, representing more than 90% of industry income, and donate space to charitable organizations in excess of $350 million each year.

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about outdoor

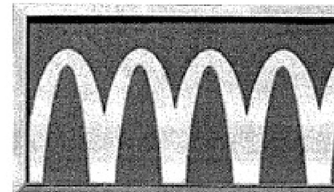
Providing leadership, services, and standards that promote, protect and advance the outdoor advertising industry.

Top 10 Outdoor Advertising Categories (based on 2004 year-end outdoor expenditures)

1. Local Services & Amusements
2. Media & Advertising
3. Public Trans., Hotels & Resorts
4. Retail
5. Insurance & Real Estate
6. Financial
7. Automotive Dealers & Services
8. Restaurant
9. Automotive, Auto Access & Equip
10. Telecommunications

Top 20 Outdoor Brands (based on 2004 year-end outdoor expenditures)

1. McDonald's Restaurants
2. Warner Various Movies
3. Miller Various Beers
4. Verizon Long Distance Bus & Res
5. Anheuser-Busch Various Beers
6. General Motors Corporation Var Car & Trucks
7. Verizon Wireless Services
8. Cracker Barrel Old Country Store
9. Chevrolet Auto&Truck Var
10. Walt Disney Var Movies
11. Nissan Autos & Trucks
12. Bank Of America Consumer Services
13. Diageo Plc Var Beverages
14. Toyota Auto & Trucks
15. Geico Insurance
16. Coca-Cola Various Soft Drinks
17. Coors Light Beer
18. Allstate Insurance
19. Dodge Autos & Trucks
20. Dreamworks Various Movies



Top 10 Outdoor Companies (based on 2004 US revenue)

1. Clear Channel Outdoor
2. Viacom Outdoor
3. Lamar Advertising Company
4. JCDecaux
5. Van Wagner Communications
6. Fairway Outdoor Advertising
7. NextMedia Outdoor
8. Magic Media
9. Reagan National Advertising
10. Burkhart Advertising

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EXHIBIT B

Outdoor Recall

An Examination of Outdoor Advertising Recall Effectiveness

June 2003

Introduction:

In June 2003, Anne Cunningham, Ph.D. and Renita Coleman, Ph.D., from the Louisiana State University Manship School of Mass Communications, conducted a research study to determine the recall effectiveness of outdoor advertising. There were several pre-existing hypotheses that needed to be investigated in order to increase the strength of the outdoor medium as a viable advertising vehicle.

Hypotheses:

Here are the hypotheses that needed to be investigated.

H1: There will be a significant difference in recall among boards using different technology – regular boards, smart boards[1], and tri-vision boards.

H2a: Distractions, such as cell phone use, listening to the radio, and having other passengers in the car, will be significantly associated with lower levels of recall of billboards.

H2b: Distractions, such as cell phone use, listening to the radio, and having other passengers in the car, will be significantly associated with lower attention to the boards in the study.

H3: Attitude toward advertising in general will affect recall.

H4: Attention to advertising in general will affect recall.

[1]Smart Boards are full-color electronic display boards that change copy every 6 seconds.

Research Questions:

In order for the study to be a success, two important questions had to be answered:

RQ1: How does talking with others about the ads affect recall of outdoor boards?

RQ2: How do demographics relate to recall, attitude toward advertising, attention to advertising and to the boards in the study?

Methods:

In June 2003, 517 telephone surveys were conducted in Baton Rouge, Louisiana. The survey sample consisted of randomly selected adult residents who drive along a one-mile stretch of Interstate10 between Acadian and the Interstate 10-12 split at least once a week.

Data Collection:

During the phone interviews, several questions were asked to determine the following:

Unaided recall was determined by the ability to name any advertiser they remembered seeing along this area of the interstate without prompting.

Aided recall was established by the correct response when prompted with a list of advertisers.

Attitudes toward the advertisements were established by responses given toward the level of agreement with 10 attitude statements:

1. Ads help me learn about products.
2. Most ads are true.

3. I think most ads are irritating.
4. I often try a new product because of an ad.
5. I find ads entertaining.
6. I buy mostly well-known products.
7. I often switch brands because of an ad.
8. Ads are a necessary part of our society.
9. There are too many ads on radio and TV.
10. There are too many outdoor billboards.

Attention paid to advertising was determined by how much they talked about the advertisements with others. Attention paid to the I-10-12 billboards was decided by a 7-point Likert scale ranging from "little to none" to "a great deal."

Distractions consisted of using a cell phone, listening to the radio, or having other passengers in the car while driving.

Board characteristics included length of display, number of concepts, appeal type, etc.

Demographic characteristics of the respondents:

- 60% of the respondents were female
- The average age was 40
- 67% of the people surveyed were Caucasian
- 32% held college degrees
- 19% had graduate degrees
- 58% were married
- 52% had no children at home

Survey Findings:

Thirty-two percent of respondents reported **Unaided Recall** of at least one billboard. Sixty-six percent of respondents had **Aided Recall** of the Casino

Rouge Tri-vision board. In addition, two other boards (Our Lady of the Lake and Hooters) also received over 60% Aided Recall. Smartboard had some of the lowest aided recall scores.

Board characteristics affecting recall

Product/Service awareness – ads featuring products with high awareness had higher recall.

Campaign length – the longer the message was up the better the recall.

Additional Findings

Those who listened to the radio (91%) or used cell phones (57%) actually reported *higher* **unaided** recall. Additionally, those who had passengers in the car (71%) or listened to the radio also reported greater attention paid to billboard ads. People who talked frequently with others about the billboards paid more attention to ads in general and had better attitudes toward advertising. Those who paid attention to and have positive attitudes toward ads tend to have *higher* recall in general.

Demographic factors

Women were more likely than men to have more positive attitudes toward advertising and to pay more attention to ads. Younger people seemed more likely to have better attitudes towards ads, but there was no relationship between age and attention. When it came to the boards in the study, women were more likely to pay attention to these particular boards, as were people

with children. **Unaided recall** was higher among the better educated and more affluent; however, **aided recall** was actually higher among those with lower levels of education.

Key Selling Points

Outdoor recall is better than recall of other media.

Medium	Unaided Recall
Sports Arena	86
SuperBowl XXVIII	50
Outdoor	32
Magazines	21
Network Television	15
Cable Television	15

Sources: Turley and Shannon (2000); Newell and Henderson (1998); Mandese (2003) and McAdams (2000).

Outdoor reaches particularly desirable audiences, and can be paired with radio for even greater impact. The length of a campaign makes a difference, and Smartboard advertisers should consider longer campaigns.

Tri-vision boards may be the best way to balance continuity with novelty.

Creative factors such as color, message strategy, level of clutter, etc. seem to have little effect on advertising recall.