UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

þ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2005, or

o **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from_____ to_____.

Commission File Number 1-32663

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	86-0812139
(State of Incorporation)	(I.R.S. Employer Identification No.)

200 East Basse Road
San Antonio, Texas 78209
Telephone (210) 822-2828
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Class A Common Stock, $.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YESo NOþ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YESo NOþ

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES þ NOo

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o Non-accelerated filer þ

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YESo NOþ

On June 30, 2005, the last business day of the registrant's most recently completed second fiscal quarter, the Common Stock was not publicly traded.

On March 24, 2006, there were 35,242,211 outstanding shares of Class A Common Stock and 315,000,000 outstanding shares of Class B Common Stock.

DOCUMENTS INCORPORATED BY REFERNCE: None

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
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PART I

ITEM 1. Business

The Company

Clear Channel Outdoor Holdings, Inc. provides 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, which we own or operate in key markets worldwide. Our business consists of two reportable operating segments: Americas and international. Information relating to the operating segments of our Americas and international operations for 2005, 2004 and 2003 is included in "Note N — Segment Data" in the Notes to our Consolidated and Combined Financial Statements in Item 8 included elsewhere in this Annual Report.

As of December 31, 2005, we owned or operated more than 875,000 advertising displays worldwide. For the year ended December 31, 2005, we generated revenues of approximately $2.7 billion, with $1.2 billion and $1.5 billion from our Americas and international segments, respectively. Our Americas reporting segment consists of our operations in the United States, Canada and Latin America, with approximately 94% of our 2005 revenues in this segment derived from the United States. Our international reporting segment consists of our operations in Europe, Asia, Africa and Australia with approximately 51% of our 2005 revenues in this segment derived from France and the United Kingdom. Additionally, we own equity interests in various out-of-home advertising companies worldwide, which we account for under the equity method of accounting.

Our History

In 1997, Clear Channel Communications, Inc., or Clear Channel Communications, our parent company, entered the outdoor advertising industry with its acquisition of 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. In June 2002, Clear Channel Communications acquired The Ackerley Group.

In July 2005, Clear Channel Communications increased its investment in Clear Media Limited, a Chinese company that operates street furniture displays throughout China, to a controlling majority ownership interest. As a result, Clear Channel Communications began consolidating the results of Clear Media in the third quarter of 2005. Clear Channel Communications accounted for Clear Media as an equity investment prior to July 2005.

Effective November 9, 2005 Clear Channel Communications and its subsidiaries contributed and transferred to us all of the assets and liabilities of the outdoor advertising businesses not currently held by us. We became a publicly traded company on November 11, 2005 through an initial public offering, or IPO, in which we sold 10% of our common stock, or 35.0 million shares of our Class A common stock. Prior to our initial public offering we were an indirect wholly-owned subsidiary of Clear Channel Communications. Clear Channel Communications currently owns all of our outstanding shares of Class B common stock representing approximately 90% of the outstanding shares of our common stock and approximately 99% of the total voting power of our common stock.

We entered into agreements with Clear Channel Communications that govern the relationship between Clear Channel Communications and us and 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 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 were 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.

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 shareholders, 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. Clear Channel Communications has advised us of its current intent to continue to hold all the shares of our Class B common stock it owns. 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 prior to May 10, 2006, without the prior written consent of the underwriters of our IPO, subject to certain limitations and limited exceptions.

Our Products — Americas

Our Americas segment consists of operations in the United States, Canada and Latin America, with approximately 94% of our 2005 revenues in this segment derived from the United States. Our Americas display inventory consists primarily of billboards, street furniture displays and transit displays, with billboards contributing approximately 73% of our 2005 Americas revenues. The margins on our billboard contracts also tend to be higher than contracts for other displays.

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

	Year Ended December 31,		
	2005	2004	2003
Billboards:			
Bulletins(1)	54%	56%	56%
Posters	19%	19%	20%
Street furniture displays	4%	4%	3%
Transit displays	11%	11%	11%
Other displays(2)	12%	10%	10%
Total	100%	100%	100%

(1) Includes wallscapes.

(2) Includes spectaculars and mall displays.

Our displays in the United States, 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 Americas 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 billboard, 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 site leases in the Americas generally range from 1 to 50 years.

Billboards

Our Americas 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.

Posters

Posters are available in two sizes, 30-sheet and 8-sheet displays. The 30-sheet posters are approximately 11 feet high by 23 feet wide, and the 8-sheet posters are approximately 5 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 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™ brand, are advertising surfaces on bus shelters, information kiosks, public toilets, freestanding units and other public structures, and are primarily 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 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.

Other Inventory

The balance of our Americas display inventory consists of spectaculars, mall displays and wallscapes. Spectaculars are customized display structures often incorporating 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. 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. 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.

Our Products — International

Our international segment consists of our advertising operations in Europe, Australia, Asia and Africa, with approximately 51% of our 2005 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 78% of our 2005 international revenues.

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

	Year Ended December 31,		
	2005	2004	2003
Billboards (1)	44%	46%	47%
Street furniture displays	34%	31%	33%
Transit displays(2)	9%	10%	10%
Other displays(3)	13%	13%	10%
Total	100%	100%	100%

(1) Includes revenue from spectaculars and neon displays.

(2) Includes small displays.

(3) Includes advertising revenue from mall displays, other small displays, and non advertising revenue from sales of street furniture equipment, cleaning and maintenance services and production revenue.

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 Americas operations. Internationally, the terms of our site leases typically range from 3 to 15 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 operations in the Americas.

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 Americas posters (30-sheet and 8-sheet displays). Our international billboards are typically sold to clients as network packages with contract terms ranging from one to two weeks. Long-term client contracts are also available and typically have terms

of up to one year. DEFI, our international neon subsidiary, is a leading global provider of neon signs with approximately 400 displays in 17 countries worldwide. Client contracts for international neon signs typically have terms ranging from five to ten years. 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 Americas 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 Americas 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. Our international street furniture displays are typically sold to clients as network packages with contract terms ranging from one to two weeks. Long-term client contracts are also available and typically have terms of up to one year.

Transit Displays

Our international transit display contracts are substantially similar to their Americas 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.

Other Inventory

The balance of our international display inventory consists primarily of advertising revenue from mall displays, other small displays and non-advertising revenue from sales of street furniture equipment, cleaning and maintenance services and production revenue. 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. Several of our international markets sell equipment or provide cleaning and maintenance services as part of a billboard or street furniture contract with a municipality. Production revenue relates to the production of advertising posters usually to small local customers.

Production

Americas

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 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 2005, the top five client categories in our Americas segment, based on Americas revenues derived from these categories, were entertainment and amusements, business and consumer services, automotive, retail and telecommunications. In 2005, the top five client categories in our international segment, based on international revenues derived from those categories, were food and drink, retail, media and entertainment, automotive and business and consumer services.

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 generally range from 1 to 50 years. 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 Markets

The following tables set forth certain information regarding our displays owned or operated in markets worldwide. As of December 31, 2005, we owned or operated approximately 165,000 Americas displays and approximately 711,000 international displays. Our Americas markets are listed in order of their DMA® region ranking and our international markets are listed in descending order according to revenues contribution for the year ended December 31, 2005.

Our Americas Displays

DMA® Region Rank	Markets	Billboards		Street Furniture Displays	Transit Displays	Other Displays(2)	Total Displays
		Bulletins(1)	Posters				
	United States						
1	New York, NY	•	•	•	•	•	18,614
2	Los Angeles, CA	•	•	•	•	•	11,729
3	Chicago, IL	•	•		•(3)	•	11,612
4	Philadelphia, PA	•	•	•	•	•	5,408
5	Boston, MA (Manchester, NH)	•	•		•	•	6,893
6	San Francisco-Oakland-San Jose, CA	•	•	•	•	•	6,671
7	Dallas-Ft. Worth, TX	•	•		•	•	6,906
8	Washington, DC (Hagerstown, MD)	•	•	•	•	•	3,775
9	Atlanta, GA	•	•		•	•	3,284
10	Houston, TX	•	•		•(3)	•	4,717
11	Detroit, MI				•	•	539
12	Tampa-St. Petersburg (Sarasota), FL	•	•	•			1,953
13	Seattle-Tacoma, WA	•	•		•	•	3,293
14	Phoenix (Prescott), AZ	•			•	•(3)	1,465
15	Minneapolis-St. Paul, MN	•	•		•	•	1,978
16	Cleveland-Akron (Canton), OH	•	•		•	•	2,445
17	Miami-Ft. Lauderdale, FL	•	•	•	•	•(3)	3,614
18	Denver, CO				•	•	824
19	Sacramento-Stockton-Modesto, CA	•	•	•		•	950
20	Orlando-Daytona Beach-Melbourne, FL	•	•		•	•	3,431
21	St. Louis, MO				•	•	234
22	Pittsburgh, PA			•	•(3)	•	546
23	Portland, OR	•	•			•	1,269
24	Baltimore, MD	•	•		•	•(3)	2,011
25	Indianapolis, IN	•	•		•		1,978
26	San Diego, CA	•	•		•	•(3)	1,323
27	Charlotte, NC					•	12
28	Hartford-New Haven, CT				•	•	10
29	Raleigh-Durham (Fayetteville), NC					•	11
30	Nashville, TN					•	21
31	Kansas City, KS/MO				•(3)		—
32	Columbus, OH	•	•			•	1,401
33	Milwaukee, WI	•	•	•		•	1,689
34	Cincinnati, OH					•	8
36	Salt Lake City, UT				•	•	124
37	San Antonio, TX	•	•		•(3)	•(3)	3,006
38	West Palm Beach-Ft. Pierce, FL	•	•		•		377
41	Harrisburg-Lancaster-Lebanon-York, PA					•	31
42	Norfolk-Portsmouth-Newport News, VA					•	11
43	New Orleans, LA				•		2,775
44	Memphis, TN	•	•	•	•		2,220
45	Oklahoma City, OK					•	12
46	Albuquerque-Santa Fe, NM	•	•				1,091
48	Las Vegas, NV	•	•		•	•(3)	12,475
49	Buffalo, NY				•		240
50	Louisville, KY					•	16
51	Providence-New Bedford				•		25
52	Jacksonville, FL	•	•				850
53	Austin, TX				•(3)	•	16
54	Wilkes Barre-Scranton, PA					•	39
56	Fresno-Visalia, CA					•	11
60	Richmond-Petersburg, VA					•	12
64	Charleston-Huntington, WV					•	9
67	Wichita-Hutchinson, KS	•	•				667
71	Tucson (Sierra Vista), AZ	•	•				1,546
73	Des Moines-Ames, IA	•	•			•(3)	651
86	Chattanooga, TN	•	•			•	1,558

DMA® Region Rank	Markets	Billboards		Street Furniture Displays	Transit Displays	Other Displays(2)	Total Displays
		Bulletins(1)	Posters				
88	Cedar Rapids-Waterloo-Iowa City-Dubuque, IA					•	12
89	Northpark, MS					•(3)	6
93	Colorado Springs-Pueblo, CO					•	7
98	Johnstown-Altoona, PA					•	20
99	El Paso, TX (Las Cruces, NM)	•	•				1,297
102	Youngstown, OH					•	8
104	Ft. Smith-Fayetteville -Springdale-Rogers, AR	•	•			•	902
109	Tallahassee, FL-Thomasville, GA					•	9
112	Reno, NV	•	•			•	583
114	Sioux Falls (Mitchell), SD					•	19
115	Augusta, GA					•(3)	16
122	Santa Barbara-Santa Maria-San Luis Obispo				•		4
125	Monterey-Salinas, CA					•	40
139	Wilmington, DE	•	•		•(3)	•(3)	1,001
143	Sioux City, IA					•	8
146	Lubbock, TX					•	16
148	Salisbury, MD	•	•		•(3)	•	1,242
153	Palm Springs, CA				•	•	16
162	Ocala-Gainesville, FL	•	•				1,310
171	Billings, MT					•	8
177	Rapid City, SD					•	10
187	Grand Junction-Aspen-Montrose, CO					•	12
189	Great Falls, MT					•	14
	Non-U.S. Markets						
n/a	Brazil	•	•	•	•		8,320
n/a	Canada	•		•	•	•	2,663
n/a	Chile	•	•				1,278
n/a	Mexico			•		•	4,908
n/a	Peru	•	•	•	•	•	2,529
					Total Americas Displays		164,634

(1) Includes wallscapes.

(2) Includes spectaculars and mall displays. Our inventory includes other small displays not counted as separate displays in this Annual Report since their contribution to our revenues is not material.

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

Our International Displays

International Markets	Billboards(1)	Street Furniture Displays	Transit Displays(2)	Other Displays(3)	Total Displays
France	•	•	•	•	169,385
United Kingdom	•	•	•	•	90,505
Italy	•	•	•	•	51,264
Spain	•	•	•	•	34,355
China (4)	•	•	•	•	54,586
Sweden	•	•	•	•	102,041
Switzerland	•		•	•	16,607
Belgium	•	•	•	•	22,739
Australia		•	•		13,183
Norway	•	•	•		20,554
Denmark	•	•	•	•	28,836
Ireland	•	•			5,975
Finland	•	•	•	•	44,633
Singapore		•	•		10,738
Holland	•	•	•		2,678

International Markets	Billboards(1)	Street Furniture Displays	Transit Displays(2)	Other Displays(3)	Total Displays
Turkey	•	•	•	•	5,904
Poland	•	•	•	•	12,365
Russia	•		•	•	4,627
New Zealand		•	•		3,124
Greece			•	•	1,197
Baltic States	•		•		14,554
India	•	•	•		656
Portugal	•				15
Germany	•				80
Hungary	•				25
Austria	•				4
United Arab Emirates	•				1
Czech Republic	•				5
Ukraine	•				2
			Total International Displays		710,638

(1) Includes spectaculars and neon displays.

(2) Includes small displays.

(3) Includes mall displays and other small displays counted as separate displays in this Annual Report since they form a substantial part of our network and international revenues.

(4) In July 2005, Clear Media became a consolidated subsidiary when we increased our investment to a controlling majority interest. Prior to July 2005, we had a non-controlling equity investment in Clear Media.

Equity Investments

In addition to the displays listed above, as of December 31, 2005, we had equity investments in various out-of-home advertising companies that operate in the following markets:

Market	Company	Equity Investment	Billboards(1)	Street Furniture Displays	Transit Displays	Other Displays(2)
Outdoor Advertising Companies						
South Africa(3)	Clear Channel Independent	50.0%	•	•	•	
Italy	Alessi	34.3%	•	•	•	
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	HOA Events	49.0%				

(1) Includes spectaculars and neon displays.

(2) Includes mall displays and other small displays.

(3) 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.

Company Strategy

Our fundamental goal is to increase shareholder 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 globally, we can quickly and effectively replicate our successes throughout the markets in which we operate. We believe 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, enabling 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 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 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 shareholder 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 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 March 15, 2006, we had approximately 2,700 employees in our Americas segment and approximately 4,900 employees in our international segment, of which approximately 100 were employed in corporate activities.

Available Information

You can find more information about us at our Internet website located at www.clearchanneloutdoor.com. Our filings are available free of charge via a link on our Internet website after we electronically file such material with the SEC.

ITEM 1A. Risk Factors

Risks Related to Our Business

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 impacted 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 and third parties have attempted to force the removal of displays not governed by the HBA under various state and local laws, including amortization. Amortization permits the display owner to operate its display which does not meet current code requirements for a specified period of time, after which it must remove or otherwise conform its display to the applicable regulations at its own cost without any compensation. Several municipalities within our existing markets have adopted amortization ordinances. Other regulations limit our ability to rebuild or replace nonconforming displays and require us to remove or modify displays not in strict compliance with applicable laws. In addition, from time to time third parties or local governments assert that we own or operate displays that either are not properly permitted or otherwise are not in strict compliance with applicable law. Such regulations and allegations have not materially impacted our results of operations to date, but if we are increasingly unable to resolve such allegations or obtain acceptable arrangements in circumstances in which our displays are subject to removal, modification or amortization, or if there occurs an increase in such regulations or their enforcement, 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 materially impacted 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.

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 most European Union countries, among other nations, have banned 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, magazines, newspapers, prime time television, direct mail, the Internet and telephone directories. It is possible 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 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 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. 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.”

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 3 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 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 federal antitrust agencies and may require review by foreign antitrust agencies under the antitrust laws of foreign jurisdictions. We can give no assurances 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 we will obtain the needed financing or 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 shareholders.

We have substantial debt obligations that could restrict our operations and impair our financial condition.

At December 31, 2005, our total indebtedness for borrowed money was $2.7 billion, approximately $2.5 billion of which is intercompany indebtedness owed to Clear Channel Communications. As of December 31, 2005, approximately $140.8 million of such total indebtedness (excluding interest) is due in 2006, $1.7 million is due in 2007, $26.6 million is due in 2008, $55.6 million is due in 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 beyond our control.

We cannot assure 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 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.

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. 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 a short operating history as a publicly traded company and our historical financial information prior to the IPO 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 combined financial information prior to the IPO included in this Annual Report 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 combined financial results reflect allocations of corporate expenses from Clear Channel Communications.

- 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 the IPO, Clear Channel Communications is not 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 lower credit rating than Clear Channel Communications 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 a publicly traded 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 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 Americas operations is 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 are 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 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 shareholder vote.

As of December 31, 2005, Clear Channel Communications owned all of our outstanding shares of Class B common stock, representing approximately 90% of the outstanding shares of our 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 1 vote on all matters on which shareholders are entitled to vote. As a result, Clear Channel Communications controlled approximately 99% of the total voting power of our 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 shareholders, including the power to prevent an acquisition or any other change in control of us. Because Clear Channel Communications' interests as our controlling shareholder may differ from other shareholder's interests, actions taken by Clear Channel Communications with respect to us may not be favorable to all shareholders.

We have entered 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 shareholder in us. These agreements, along with the $2.5 billion intercompany note, govern our relationship with Clear Channel Communications and 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 shareholders may consider favorable. We are not 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.

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. Three of our directors continue to serve as directors of Clear Channel Communications and two of these are 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 has 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 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 provides us certain management, administrative, accounting, tax, legal and other services, for which we reimburse Clear Channel Communications on a cost basis. In addition, we entered 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 the chief executive officer of Clear Channel Communications as our Chief Executive Officer and the chief financial officer of Clear Channel Communications as our Chief Financial Officer until Clear Channel Communications owns less than 50% of the voting power of our common stock, or we provide Clear Channel Communications with six months prior written notice of termination. 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.

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 shareholders 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.

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 shareholders of other companies.

Clear Channel Communications owns more than 50% of the total voting power of our common stock, and we are 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 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. We intend to continue 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 shareholders of companies that are subject to all of the NYSE corporate governance requirements.

We 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.

Our corporate name is "Clear Channel Outdoor Holdings, Inc.," and we and our subsidiaries currently use the Clear Channel brand name and logo in marketing our products and services. Pursuant to a trademark license agreement, Clear Channel Communications grants 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 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 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 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 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 effectively controls all of our tax decisions. The Tax Matters Agreement provides that Clear Channel Communications has the 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 is 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 shareholders, 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 shareholders in a distribution 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 to each be responsible for 50% of the tax-related liabilities arising from the failure of such a spin-off to so qualify.

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

Clear Channel Communications may sell all or part of the shares of our common stock it owns or distribute those shares to its shareholders, including pursuant to demand registration rights described in the Registration Rights Agreement. Sales or distributions by Clear Channel Communications of substantial amounts of our common stock in the public market or to its shareholders could adversely affect prevailing market prices for our Class A common stock. Clear Channel Communications has advised us it currently intends to continue to hold all of our common stock it owns. 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 Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any of our shares of common stock prior to May 10, 2006, without the prior written consent of the underwriters of our IPO, subject to certain limitations and limited exceptions. Consequently, we cannot assure you Clear Channel Communications will maintain its ownership of our common stock after May 10, 2006.

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 entered into a Corporate Services Agreement. Pursuant to the Corporate Services Agreement, Clear Channel Communications and its affiliates agree to provide us with corporate services, 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 negotiated these arrangements with Clear Channel Communications in the context of a parent-subsidiary relationship. Although Clear Channel Communications is contractually obligated to provide us with services during the term of the Corporate Services Agreement, we cannot assure you 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 also govern our relationship with Clear Channel Communications and 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.

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 "Item 13. Certain Relationships and Related Transactions — Arrangements Between Clear Channel Communications and Us."

Risks Related to Our Class A Common Stock

As a new public company, the price of our Class A common stock may fluctuate significantly, and you could lose all or part of your investment.

As a new public company, the market price of our Class A common stock may 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 or changes in financial estimates by analysts;
- future sales by us or other shareholders of our Class A common stock; and
- other factors described in "Item 1A. Risk Factors."

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has significantly impacted 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 shareholders may consider favorable, which could decrease the value of your shares of Class A common stock.

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 shareholders to remove directors, supermajority voting requirements for shareholders to amend our organizational documents, restrictions on a classified board of directors and limitations on action by our shareholders by written consent. Some of these provisions, such as the limitation on shareholder 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 shareholder 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 shareholders 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 shareholders.

If Clear Channel Communications spins off our high vote Class B common stock to its shareholders 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 shareholders 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. In addition, pursuant to the covenants on the $2.5 billion intercompany note with Clear Channel Communications, our ability to pay dividends is restricted. Accordingly, if you purchase shares in us, the price of our Class A common stock must appreciate in order to realize a gain on your investment. This appreciation may not occur.

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 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.

Caution Concerning Forward Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Except for the historical information, this Annual Report contains various forward-looking statements which represent our expectations or beliefs concerning future events, including the future levels of cash flow from operations. Management believes all statements expressing expectations and projections with respect to future matters, including our ability to negotiate contracts having more favorable terms and the availability of capital resources, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could impact our financial performance. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass.

A wide range of factors could materially affect future developments and performance, including:

- the impact of general economic and political conditions in the United States and in other countries in which we currently do business, including those resulting from recessions, political events and acts or threats of terrorism or military conflicts;
- the impact of the geopolitical environment;
- our ability to integrate the operations of acquired companies;
- shifts in population and other demographics;
- industry conditions, including competition;
- fluctuations in operating costs;
- technological changes and innovations;
- changes in labor conditions;
- fluctuations in exchange rates and currency values;
- capital expenditure requirements;
- the outcome of pending and future litigation settlements;
- legislative or regulatory requirements;
- interest rates;
- the effect of leverage on our financial position and earnings;
- taxes;
- access to capital markets; and
- certain other factors set forth in our filings with the Securities and Exchange Commission.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

ITEM 1B. Unresolved Staff Comments

Not Applicable

ITEM 2. Properties

Our worldwide corporate headquarters are in San Antonio, Texas. The headquarters of our Americas 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 generally range from month-to-month to year-to-year and can be for terms of ten 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 an important part of our management activity is to negotiate suitable lease renewals and extensions.

ITEM 3. 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 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. The Company filed a motion to have the punitive damages award reduced. The trial judge granted the Company's motion. A final judgment in the amount of $4.1 million in compensatory damages and $12.3 million in punitive damages was signed on January 23, 2006. The Company has appealed the underlying judgment and the Plaintiff filed a cross-appeal. The Plaintiff seeks to reinstate the original award of punitive damages. We have insurance coverage for up to approximately $50.0 million in damages for this matter.

ITEM 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders in the fourth quarter of fiscal year 2005.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our Class A common stock trades on the New York Stock Exchange under the symbol "CCO." There were 125 shareholders of record as of March 24, 2006. This figure does not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. The following table sets forth, for the calendar quarter indicated, the reported high and low sales price of our Class A common stock as reported on the NYSE, beginning on November 11, 2005, the first day of trading for our common stock.

	Common Stock Market Price	
	High	Low
2005		
Fourth Quarter	$20.40	$18.00

See Part III, Item 12 for information regarding securities authorized for issuance under our equity compensation plans.

Dividend Policy

To date, we have not paid dividends on our common stock and we do not anticipate paying any dividends on the shares of our common stock in the foreseeable future. Pursuant to the covenants on the $2.5 billion intercompany note with Clear Channel Communications, our ability to pay dividends is restricted. 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.

Use of Initial Public Offering Proceeds

On November 10, 2005, the SEC declared effective our Registration Statement on Form S-1 (File No. 333-127375) ("Registration Statement") for our initial public offering. Under the Registration Statement, we registered 40,250,000 shares of our Class A common stock for an aggregate offering size of $885.5 million. In this offering we sold 35,000,000 shares of our Class A common stock. All of the 35,000,000 shares sold in this offering were sold at $18.00 per share. The offering closed on November 16, 2005. This offering was made through an underwriting syndicate led by Goldman, Sachs & Co. that acted as global coordinator and senior book-running manager. Deutsche Bank Securities Inc., J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC acted as joint book-running managers for this offering. The aggregate gross proceeds from the sale of the 35,000,000 shares of our Class A common stock were $630.0 million. The aggregate net proceeds to us after the offering were $605.8 million, after deducting an aggregate of $24.2 million in underwriting discounts and commissions paid to the underwriters. The aggregate net proceeds were used to pay direct costs of the offering ($5.2 million) and repay debt outstanding to Clear Channel Communications ($600.6 million).

ITEM 6. Selected Financial Data

The historical financial and other data prior to the IPO 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' Americas outdoor and international 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 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 year ended December 2001 and the combined balance sheet data as of December 31, 2001 presented below were derived from our unaudited combined financial statements. The results of operations data, segment data and cash flow data for the remaining years presented below were derived from our audited consolidated and combined financial statements.

You should read the information contained in this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical audited and unaudited consolidated and combined financial statements and the accompanying notes thereto included elsewhere in this Annual Report.

(In thousands, except per share data)	Year Ended December 31, 2005	2004	2003	2002	2001 (Unaudited)
Results of Operations Data:					
Revenue	$ 2,666,078	$ 2,447,040	$ 2,174,597	$ 1,859,641	$ 1,748,030
Operating Expenses:					
Direct operating expenses (exclusive of depreciation and amortization)	1,342,307	1,262,317	1,133,386	957,830	861,854
Selling, general and administrative expenses (exclusive of depreciation and amortization)	541,794	499,457	456,893	392,803	355,370
Depreciation and amortization	400,639	388,217	379,640	336,895	559,498
Corporate expenses (exclusive of depreciation and amortization)	61,096	53,770	54,233	52,218	62,266
Gain (loss) on disposition of assets — net	3,488	10,791	16,669	8,223	(9,805)
Operating income (loss)	323,730	254,070	167,114	128,118	(100,763)
Interest expense	15,687	14,177	14,201	11,623	13,331
Intercompany interest expense	182,667	145,653	145,648	227,402	220,798
Equity in earnings (loss) of nonconsolidated affiliates	9,844	(76)	(5,142)	3,620	(4,422)
Other income (expense) — net	(12,291)	(16,530)	(21,358)	(837)	25
Income (loss) before income taxes, minority interest and cumulative effect of a change in accounting principle	122,929	77,634	(19,235)	(108,124)	(339,289)
Income tax (expense) benefit:					
Current	(51,173)	(23,422)	12,092	72,008	68,101
Deferred	5,689	(39,132)	(23,944)	(21,370)	(5,199)
Income tax (expense) benefit	(45,484)	(62,554)	(11,852)	50,638	62,902
Minority interest income (expense)	(15,872)	(7,602)	(3,906)	1,778	(4,186)
Income (loss) before cumulative effect of a change in accounting principle	61,573	7,478	(34,993)	(55,708)	(280,573)
Cumulative effect of a change in accounting principle, net of tax of, $113,173 in 2004 and $504,927 in 2002 (1)	—	(162,858)	—	(3,527,198)	—
Net income (loss)	$ 61,573	$ (155,380)	$ (34,993)	$ (3,582,906)	$ (280,573)

(In thousands, except per share data)	Year Ended December 31, 2005	2004	2003	2002	2001 (Unaudited)
Net income (loss) per common share:					
Basic:					
Income (loss) before cumulative effect of a change in accounting principle	$ .19	$ .02	$ (.11)	$ (.18)	$ (.89)
Cumulative effect of a change in accounting principle	—	(.52)	—	(11.20)	—
Net income (loss)	$ .19	$ (.50)	$ (.11)	$ (11.38)	$ (.89)
Weighted average common shares (2)	319,890	315,000	315,000	315,000	315,000
Diluted:					
Income (loss) before cumulative effect of a change in accounting principle	$ .19	$ .02	$ (.11)	$ (.18)	$ (.89)
Cumulative effect of a change in accounting principle	—	(.52)	—	(11.20)	—
Net income (loss)	$ .19	$ (.50)	$ (.11)	$ (11.38)	$ (.89)
Weighted average common shares (2)	319,921	315,000	315,000	315,000	315,000

(In thousands)	As of December 31, 2005	2004	2003	2002	2001
Balance Sheet Data:					
Current assets	$ 900,295	$ 1,107,240	$ 958,669	$ 753,289	$ 642,536
Property, plant and equipment — net	2,153,428	2,195,985	2,264,106	2,213,817	2,039,002
Total assets	4,918,345	5,240,933	5,232,820	4,926,205	7,807,624
Current liabilities	793,812	749,055	736,202	642,330	1,825,904
Long-term debt, including current maturities	2,727,786	1,639,380	1,670,017	1,713,493	1,526,427
Shareholders'/owner's equity	1,209,437	2,729,653	2,760,164	2,578,943	5,413,398

(1) 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." 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*.

(2) Weighted average common shares outstanding for the year ended December 31, 2005 reflects the sale of 35.0 million shares of our Class A common stock in our IPO on November 11, 2005.

The Selected Financial Data should be read in conjunction with Management's Discussion and Analysis.

ITEM 7. 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 accompanying notes thereto 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 financial statements. MD&A is organized as follows:

- *Overview.* This section provides a general description of our business, as well as other matters 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 years ended December 31, 2005, 2004 and 2003. Our discussion is presented on both a consolidated and segment basis. Our reportable operating segments are Americas and international. Approximately 94% of our 2005 Americas revenues were derived from the United States, with the balance derived from Canada and Latin America. Approximately 51% of our 2005 international revenues were derived from France and the United Kingdom. Our French operations incurred a restructuring charge in the third quarter of 2005 and in 2003. One measure we use to manage our segments is operating income. Corporate expenses, gain on the disposition of assets — net, interest expense, equity in earnings (loss) of nonconsolidated affiliates, other income (expense) — net, income taxes, minority interest expense — net, and cumulative effect of change in accounting principle are managed on a total company basis and are, therefore, included only in our discussion of consolidated results.
- *Financial condition and liquidity.* This section provides a discussion of our financial condition as of December 31, 2005, as well as an analysis of our cash flows for the years ended December 31, 2005 and 2004. 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 December 31, 2005.
- *Seasonality.* This section discusses seasonal performance of our Americas 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 consolidated and combined financial statements included elsewhere in this Annual Report.

OVERVIEW

Description of Business

Our revenues are derived from selling advertising space on approximately 875,000 displays owned or operated as of December 31, 2005, 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, 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 Americas 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 billboard, 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 Americas site leases generally range from 1 to 50 years. Internationally, the terms of our site leases generally range from 3 to 15 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 its current intent is to continue to hold all of our Class B common stock 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 Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any shares of our common stock prior to May 10, 2006, without the prior written consent of the underwriters of the IPO, subject to certain limitations and limited exceptions.

Our branch managers have historically followed a corporate policy allowing Clear Channel Communications to use, without charge, Americas displays 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 2005, we estimated these discounted revenues would have been less than 2% of our Americas revenues. Under the Master Agreement, this policy will continue.

Factors Affecting Results of Operations and Financial Condition

Our revenues are derived primarily from the sale of advertising space on displays 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. 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 $26.6 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 was approximately 3% 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. 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 for the periods prior to our initial public offering have been derived from the financial statements and accounting records of Clear Channel Communications, principally from the statements and records representing Clear Channel Communications’ Americas and International Outdoor segments, using the historical results of operations and historical bases of assets and liabilities of our business. The consolidated and 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. Additionally, Clear Channel Communications primarily uses a centralized approach to cash management and the financing of its operations with all related acquisition activity prior to the IPO between Clear Channel Communications and us reflected in our shareholders’/owner’s equity as “Owner’s net investment” while all other cash transactions are recorded as part of “Due from Clear Channel Communications” in the accompanying consolidated and combined balance sheets.

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, 2005, 2004 and 2003, we recorded approximately $16.0 million, $16.6 million and $19.6 million, respectively, as a component of corporate expenses for these services.

We believe the assumptions underlying the combined financial statements prior to the IPO 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

Consolidated and Combined Results of Operations

The following table summarizes our historical results of operations:

(In thousands)	Year Ended December 31,		
	2005	2004	2003
Revenue	$ 2,666,078	$ 2,447,040	$ 2,174,597
Operating expenses:			
Direct operating expenses (exclusive of depreciation and amortization)	1,342,307	1,262,317	1,133,386
Selling, general and administrative expenses (exclusive of depreciation and amortization)	541,794	499,457	456,893
Depreciation and amortization	400,639	388,217	379,640
Corporate expenses (exclusive of depreciation and amortization)	61,096	53,770	54,233
Gain on disposition of assets — net	3,488	10,791	16,669
Operating income	323,730	254,070	167,114
Interest expense (including intercompany)	198,354	159,830	159,849
Equity in earnings (loss) of nonconsolidated affiliates	9,844	(76)	(5,142)
Other income (expense)— net	(12,291)	(16,530)	(21,358)
Income (loss) before income taxes, minority interest and cumulative effect of a change in accounting principle	122,929	77,634	(19,235)
Income tax (expense) benefit:			
Current	(51,173)	(23,422)	12,092
Deferred	5,689	(39,132)	(23,944)
Income tax (expense) benefit	(45,484)	(62,554)	(11,852)
Minority interest expense— net	15,872	7,602	3,906
Income (loss) before cumulative effect of a change in accounting principle	61,573	7,478	(34,993)
Cumulative effect of a change in accounting principle, net of tax of $113,173 in 2004	—	(162,858)	—
Net income (loss)	$ 61,573	$ (155,380)	$ (34,993)

Revenue

Our revenue increased approximately $219.0 million, or 9%, during 2005 as compared to 2004. Included in these results is approximately $8.6 million from increases in foreign exchange as compared to the same period of 2004. Our Americas operations contributed approximately $124.3 million primarily from increased rates on our bulletin and poster inventory during 2005. Our international operations contributed approximately $47.4 million related to our consolidation of Clear Media Limited, a Chinese outdoor advertising company. In the third quarter of 2005, we increased our investment in Clear Media to a majority controlling interest. We previously accounted for this investment as an equity method investment. In addition, our international operations also experienced improved yield on our street furniture inventory during 2005 compared to 2004. Partially offsetting this international revenue growth was a decline in revenue in our French business in 2005 as compared to 2004.

Our revenue 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 Americas operations contributed approximately $85.7 million to the increase, primarily from increased rates on our bulletin and poster inventory. In addition to foreign exchange increases, 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.

Direct Operating Expenses

Direct operating expenses increased approximately $80.0 million, or 6%, during 2005 as compared 2004. Included in these expenses is approximately $4.1 million from increases in foreign exchange as compared to the same period of 2004. Our Americas operations contributed approximately $21.8 million to the increased expense primarily due to increased site lease expenses from higher revenue sharing rentals on our transit, mall and wallscape inventory as well as increased direct production expenses, all associated with the increase in revenues. Our international operations experienced higher expenses attributable to increases in revenue sharing and minimum annual guarantees partially from new contracts entered in 2005 and approximately $18.3 million from our consolidation of Clear Media.

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 Americas operations contributed approximately $33.6 million primarily from increased site lease rent expense. Our international operations had more direct operating expenses due to higher site lease rent expense and approximately $6.2 million from the consolidation of a joint venture.

Selling, General and Administrative Expenses (SG&A)

SG&A increased approximately $42.3 million, or 8%, during 2005 as compared to 2004. Included in these expenses is approximately $1.7 million from increases in foreign exchange as compared to the same period of 2004. Our Americas operations increased approximately $13.7 million primarily from increased commission expenses associated with the increase in revenues. In addition to foreign exchange increases, our international operations SG&A increased $26.6 million from restructuring costs from restructuring our business in France during the third quarter of 2005.

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. SG&A in our Americas operations increased approximately $11.4 million primarily from higher commission expenses associated with the increase in revenue. In addition to foreign exchange increases, our international operations SG&A increased due primarily to a $4.1 million restructuring charge in Spain, $2.6 million associated with the consolidation of a joint venture, and increased commission expenses associated with the increase in revenue in 2004. These increases were partially offset by a reduction in expenses related $13.8 million restructuring charge in France recorded in 2003, which did not reoccur in 2004.

Depreciation and Amortization

Depreciation and amortization increased approximately $12.4 million in 2005 as compared to 2004. The increase is primarily attributable to the consolidation of Clear Media and from increases in foreign exchange rates, partially offset by a decrease in our Americas segment as a result of fewer display removals in 2005 which resulted in less accelerated depreciation.

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 removals of approximately $17.1 million recognized during 2003 that did not reoccur during 2004.

Corporate Expenses

Corporate expenses increased approximately $7.3 million in 2005 as compared to 2004. The increase is primarily a result of higher performance related bonus 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) procurement and sourcing support services, and (viii) other general corporate 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, 2005, 2004, and 2003, we recorded approximately $16.0 million, $16.6 million, and $19.6 million, respectively, as a component of corporate expenses for these services.

Interest Expense (Including Intercompany)

Interest expense increased $38.5 million during 2005 as compared to 2004 primarily from a $2.5 billion intercompany note with Clear Channel Communications issued on August 2, 2005. The note accrues interest at a variable per annum rate based on the weighted average cost of debt for Clear Channel Communications, calculated on a monthly basis. The interest rate as of December 31, 2005 was 5.9%.

Prior to the date of the IPO, we had in place two fixed principal and interest rate notes. The first note, in the original principal amount of approximately $1.4 billion, accrued interest at a per annum rate of 10%. The second note, in the original principal amount of $73.0 million, accrued interest at a per annum rate of 9%. We used all of the net proceeds of the IPO, 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. The remaining balance of $393.7 million was recorded as a capital contribution pursuant to the Master Agreement between us and Clear Channel Communications.

Other Income (Expense) — Net

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

(In millions)	Year Ended December 31,		
	2005	2004	2003
Royalty fee	$ (14.8)	$ (15.8)	$ (14.1)
Transitional asset retirement obligation	—	—	(7.0)
Other	2.5	(.7)	(.3)
Total other income (expense) – net	$ (12.3)	$ (16.5)	$ (21.4)

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.

Our effective tax rate for the year ended December 31, 2005 was 37%. During 2005, the company recorded a current tax benefit of approximately $8.0 million due to the favorable resolution of certain tax contingencies in 2005 which resulted in a lower effective tax rate for the year.

The increase in current tax expense of $27.8 million for the year ended December 31, 2005 was due primarily to an increase in "Income (loss) before income taxes and cumulative effect of a change in accounting principle" of $45.3 million. Deferred tax expense decreased by $44.8 million for the year ended December 31, 2005 due to less tax depreciation recorded in 2005 as well as certain tax losses on the disposition of assets recorded in 2004. The decrease in tax depreciation is primarily the result of the expiration of certain favorable bonus depreciation tax rules in 2004.

Our effective tax rate for the year ended December 31, 2004 was 89%. The effective tax rate is primarily 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.

In 2004, 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.

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 the aggregate carrying value of our Americas permits exceeding 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.

Americas Results of Operations

(In thousands)	Year Ended December 31,		
	2005	2004	2003
Revenue	$ 1,216,382	$ 1,092,089	$ 1,006,376
Direct operating expenses	490,519	468,687	435,075
Selling, general and administrative expenses	186,749	173,010	161,579
Depreciation and amortization	180,559	186,620	194,237
Operating income	$ 358,555	$ 263,772	$ 215,485

For the year ended December 31, 2005, our revenue grew approximately $124.3 million, or 11%, over the prior year. The increase was primarily due to an increase in bulletin and poster revenues attributable to increased rates during 2005. Increased revenues from our airport, street furniture and transit advertising displays also contributed to the revenue increase. Growth occurred across our markets including New York, Miami, Houston, Seattle, Cleveland and Las Vegas. Strong advertising client categories for the year included business and consumer services, entertainment and amusements, retail and telecommunications.

Direct operating expenses increased approximately $21.8 million, or 5%, during the 2005 as compared to 2004. The increase is primarily related to increased site lease expenses from higher revenue sharing rentals on our transit, mall and wallscape inventory as well as increased direct production expenses, all associated with the increase in revenues. SG&A increased $13.7 million, or 8%, primarily from increased commission expenses associated with the increase in revenues.

Depreciation and amortization declined $6.1 million in 2005 as compared to 2004 primarily from fewer display removals during the current period, which resulted in less accelerated depreciation. We suffered hurricane damage on some of our billboards in Florida and the Gulf Coast which required us to write-off the remaining book value of these structures as additional depreciation and amortization expense in 2004.

During 2004, revenue 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 entertainment. 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.

International Results of Operations

(In thousands)	Year Ended December 31,		
	2005	2004	2003
Revenue	$ 1,449,696	$ 1,354,951	$ 1,168,221
Direct operating expenses	851,788	793,630	698,311
Selling, general and administrative expenses	355,045	326,447	295,314
Depreciation and amortization	220,080	201,597	185,403
Operating income (loss)	$ 22,783	$ 33,277	$ (10,807)

Revenue increased approximately $94.7 million, or 7%, during 2005 as compared to 2004. Revenue growth was attributable to increases in our street furniture and transit revenues. We also experienced improved yield on our street furniture inventory during 2005 compared to 2004. Also included in the year ended December 31, 2005 is approximately $47.4 million from our consolidation of Clear Media, which we previously accounted for as an equity method investment. Leading markets contributing to the Company's international revenue growth were China, Italy, the United Kingdom and Australia. The Company faced challenges in France throughout 2005, with revenues declining from 2004. Strong advertising categories during 2005 were food and drink, retail, media and entertainment, business and consumer services and financial services

Direct operating expenses grew $58.2 million, or 7%, during the year ended December 31, 2005 as compared to 2004. Our direct operating expenses increased as a result of higher site lease rental expense associated with increases in revenue sharing and minimum annual guarantees partially from new contracts entered in 2005. Included in the increase is approximately $18.3 million from our consolidation of Clear Media. Our SG&A grew approximately $28.6 million, or 9%, during 2005 as compared to 2004 primarily due to a $26.6 million charge associated with our restructuring of our business in France during the third quarter of 2005

Depreciation and amortization expense increased approximately $18.5 million in 2005 as compared to 2004, due primarily to our consolidation of Clear Media and increases in foreign exchange.

During 2004, revenue 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 revenue 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 previously accounted for under the equity method of accounting. Our 2004 results were tempered by 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 $0.2 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.

Reconciliation of Segment Operating Income (Loss)

(In thousands)	Year Ended December 31,		
	2005	2004	2003
Americas	$ 358,555	$ 263,772	$ 215,485
International	22,783	33,277	(10,807)
Corporate	(61,096)	(53,770)	(54,233)
Gain on disposition of assets – net	3,488	10,791	16,669
Consolidated and combined operating income	$ 323,730	$ 254,070	$ 167,114

FINANCIAL CONDITION AND LIQUIDITY

Financial Condition as of December 31, 2005

As of December 31, 2005, we had approximately $2.7 billion of debt, approximately $108.6 million of cash and cash equivalents and approximately $1.2 billion of shareholders' equity.

Cash Flows

The following table summarizes our historical cash flows.

(In thousands)	Year Ended December 31,	
	2005	2004
Cash provided by (used in):		
Operating activities	$ 510,088	$ 492,495
Investing activities	$(361,371)	$(310,658)
Financing activities	$ (77,550)	$(182,006)

Operating Activities

2005

Net cash flow from operating activities of $510.1 million for the year ended December 31, 2005 principally reflects net income of $61.6 million and depreciation and amortization of $400.6 million. Net cash flow from operating activities also reflects decreases in current assets, accounts payable and deferred income. These decreases were partially offset by increases in accounts receivable, prepaid expenses and accrued income taxes.

2004

Net cash flow from operating activities of $492.5 million for the year ended December 31, 2004 principally reflects a net loss of $155.4 million, adjusted for non-cash charges of $162.9 million for the adoption of Topic D-108 and depreciation and amortization of $388.2 million. Net cash flows from operating activities also reflects increases in accounts receivable, accounts payable, accrued expenses and other liabilities and accrued income taxes.

Investing Activities

2005

Net cash used in investing activities of $361.4 million for the year ended December 31, 2005 principally reflects capital expenditures of $208.2 million related to purchases of property, plant and equipment and $99.6 million related to acquisitions of operating assets.

2004

Net cash used in investing activities of $310.7 million for the year ended December 31, 2004 principally reflects capital expenditures of $176.1 million related to purchases of property, plant and equipment and $94.9 million related to acquisitions of operating assets.

Financing Activities

2005

Cash used in financing activities was $77.6 million for the year ended December 31, 2005. Included in cash flow from financing activities are changes in the "Due from Clear Channel Communications" account which relates to cash transfers between our Americas operations and Clear Channel Communications. For the year ended December 31, 2005, we had a net transfer of cash to Clear Channel Communications of approximately $70.0 million. Also included in cash used in financing activities is the $600.6 million in proceeds received from the IPO which was used, along with the balance outstanding in the "Due from Clear Channel Communications" account, to pay off a portion of the $1.4 billion and $73.0 million intercompany notes with Clear Channel Communications.

2004

Cash used in financing activities of $182.0 million for the year ended December 31, 2004, principally reflects a net reduction in debt of $33.8 million and net payments of $148.2 million to Clear Channel Communications.

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 sub-limit 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 future funds generated from our operations and available borrowing capacity of up to $150.0 million under the sub-limit of the Clear Channel Communications revolving credit facility discussed below will be sufficient to fund our debt service requirements, working capital requirements and capital expenditure requirements for the foreseeable future. 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 cash flow from operations was $510.1 million, $492.5 million, and $433.5 million for 2005, 2004 and 2003, 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 December 31, 2005, approximately $135.0 million was available for future borrowings under this facility.

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

(In millions)	Year Ended December 31,	
	2005	2004
Bank credit facility	$ 15.0	$ 23.9
Debt with Clear Channel Communications	2,500.0	1,463.0
Other long-term debt	212.8	152.4
Total debt	2,727.8	1,639.3
Less: Cash and cash equivalents	108.6	37.9
Less: Due from Clear Channel Communications	0.1	302.6
	$ 2,619.1	$ 1,298.8

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 December 31, 2005, the outstanding balance on the sub-limit was approximately $15.0 million, and approximately $135.0 million was available for future borrowings, with the entire balance to be paid on July 12, 2009. At December 31, 2005, the interest rate on borrowings under this credit facility was 4.2%. As of March 24, 2006, the outstanding balance on the sub-limit was $15.5 million and $134.5 million was available for future borrowings.

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 accrued interest at a per annum rate of 10%. The second intercompany note in the original principal amount of $73.0 million accrued interest at a per annum rate of 9%. We used all of the net proceeds of the IPO, 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. The remaining balance of $393.7 million was recorded as a capital contribution pursuant to the Master Agreement between us and Clear Channel Communications.

On August 2, 2005, we distributed a note in the original principal amount of $2.5 billion to Clear Channel Communications as a dividend. This note matures on August 2, 2010 and may be prepaid in whole or in part at any 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 December 31, 2005, the interest rate on the $2.5 billion intercompany note was 5.9%.

Our working capital requirements and capital for 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 the IPO, our working capital requirements and capital for 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 we could raise the funds if needed given our credit profile. Additionally, management believes our publicly traded stock 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 December 31, 2005, approximately $212.8 million was outstanding as other long-term debt.

Cash and cash equivalents; cash management policies. We have an account that represents net amounts due to or from Clear Channel Communications, which is recorded as "Due from Clear Channel Communications" on the consolidated and combined balance sheets. Included in the account is the net activity resulting from day-to-day cash management services provided by Clear Channel Communications pursuant to the Corporate Services Agreement entered into between Clear Channel Communications and us. As part of the cash management services, on a daily basis, cash from our U.S. based operations is transferred to a concentration account maintained by us which is then transferred, or used to fund, our disbursement account. Our disbursement account is used to pay our accounts payable and payroll obligations. Any amount remaining in our concentration account after funding our disbursement account is transferred to Clear Channel Communications or Clear Channel Communications transfers cash to our concentration account to fund our disbursement account. The net cash position after transfers of cash between Clear Channel Communications and us is determined by Clear Channel Communications and recorded in our financial statements as an asset in "Due from Clear Channel Communications" or, if owed by us, as a liability in "Due to Clear Channel Communications." After our IPO, these balances are evidenced by interest accruing cash management notes between us and Clear Channel Communications. At December 31, 2005 the balance in "Due from Clear Channel Communications" was $0.1 million. The net interest income for the year ended December 31, 2005 was $0.1 million.

Unlike the management of cash from our U.S. based operations, the amount of cash, if any, which is transferred from our foreign operations to Clear Channel Communications is 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 are evaluated before a cash amount is considered as an excess or surplus amount for transfer 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 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.

Uses of Capital

Our primary uses of capital are funding our working capital needs, debt service, acquisitions and capital expenditures. Our working capital needs are generally funded through cash flows from operations. Other uses of capital include cash paid for interest, which was $195.4 million, $175.4 million and $198.3 million during the years ended December 31, 2005, 2004 and 2003, respectively.

Our short and long term cash requirements for funding working capital include minimum annual guarantees for our street furniture contracts and operating leases. 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 2006, we are committed to $356.1 million and $202.7 million for minimum annual guarantees and operating leases, respectively. Our long-term commitments for minimum annual guarantees, operating leases and capital expenditure requirements are included in "Contractual and Other Obligations," below.

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, 2005, 2004 and 2003:

2005 Acquisitions. During 2005, we acquired display faces for approximately $130.4 million in cash and acquired a controlling majority interest in Clear Media for approximately $8.9 million in cash. As a result of consolidating Clear Media during the third quarter of 2005, the acquisition resulted in an increase to our cash of $39.7 million.

2004 Acquisitions. In September 2004, we acquired Medallion Taxi Media, Inc. for approximately $31.6 million. In addition, during 2004 we 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.

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

(In millions)	Year Ended December 31,		
	2005	2004	2003
Non-revenue producing	$ 78.1	$ 70.1	$ 63.4
Revenue producing	130.1	106.0	141.7
Total capital expenditures	$ 208.2	$ 176.1	$ 205.1

We define non-revenue producing capital expenditures as those expenditures required on a recurring basis. Revenue producing capital expenditures are discretionary capital investments for new revenue streams, similar to an acquisition. Capital expenditures increased $32.1 million in 2005 as compared to 2004. The consolidation of Clear Media in 2005 contributed $15.4 million to the increase. Our capital expenditures declined from 2003 to 2004, 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.

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 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 $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 shareholders' 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 are offshore borrowers. These subsidiaries may borrow up to $150.0 million for use in our international operations under a sub-limit of the approximately $1.75 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 $1.75 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 $1.75 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 cash management note issued by Clear Channel Communications to us or the cash management note issued by us to Clear Channel Communications.

At December 31, 2005, we and Clear Channel Communications were in compliance with all debt covenants. We expect to remain in compliance throughout 2006.

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 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, 2005 are as follows:

(In thousands)	Payments Due by Period				
	Total	2006	2007-2008	2009-2010	2011 and Thereafter
Revolving credit facility	$ 15,035	$ —	$ —	$ 15,035	$ —
Debt with Clear Channel Communications	2,500,000	—	—	—	2,500,000
Other long-term debt	212,751	140,846	28,278	40,676	2,951
Minimum annual guarantees	1,873,933	356,109	457,683	362,749	697,392
Noncancelable operating leases	1,380,753	202,671	290,239	260,082	627,761
Capital expenditure commitments	162,052	72,015	61,380	20,631	8,026
Noncancelable contracts	7,057	4,081	2,968	8	—
Total firm commitments and outstanding debt	$ 6,151,581	$ 775,722	$ 840,548	$ 699,181	$ 3,836,130

SEASONALITY

Typically, both our Americas 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 Americas 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.

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 foreign 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 foreign markets in which we operate. We believe we mitigate a small portion of our exposure to foreign currency fluctuations with a natural hedge through borrowings in currencies other than the U.S. dollar. Our foreign operations reported a net loss of approximately $3.5 million for the year ended December 31, 2005. We estimate a 10% change in the value of the U.S. dollar relative to foreign currencies would have changed our net income for the year ended December 31, 2005 by approximately $0.3 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 $2.7 billion total debt outstanding as of December 31, 2005, of which $2.5 billion was variable rate debt. Based on the amount of our floating-rate debt as of December 31, 2005, each 50 basis point

increase or decrease in interest rates would increase or decrease our annual interest expense and cash outlay by approximately $12.5 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 December 31, 2005 with no subsequent change in rates for the remainder of the period.

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. We adopted FIN 47 on January 1, 2005, which did not materially impact our 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).

In April 2005, the SEC issued a press release announcing 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 will adopt Statement 123(R) on January 1, 2006. We expect the impact of adopting SAB 107 and Statement 123(R) to be in the range of $5.0 million to $8.0 million recorded as a component of operating expenses in our consolidated statement of operations for the year ended December 31, 2006.

In May 2005, the FASB issued Statement No. 154, *Accounting Changes and Error Corrections* ("Statement 154"). This Statement replaces APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*, and changes the requirements for the accounting for and reporting of a change in accounting principle. Statement 154 applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We will adopt Statement 154 on January 1, 2006 and anticipate adoption will not materially impact our financial position or results of operations.

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 assets recognized under capital leases generally be amortized in a manner consistent with the lessee's normal depreciation policy except 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 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 adopted EITF 05-6 on July 1, 2005 which did not materially impact our financial position or results of operations.

In October 2005, the FASB issued Staff Position 13-1 ("FSP 13-1"). FSP 13-1 requires rental costs associated with ground or building operating leases incurred during a construction period be recognized as rental expense. The guidance in FSP 13-1 shall be applied to the first reporting period beginning after December 15, 2005. We will adopt FSP 13-1 January 1, 2006 and anticipate adoption will not materially impact our financial position or results of operations.

In November 2005, the FASB staff issued FASB Staff Position FAS 115-1 ("FAS 115-1"). FAS 115-1 replaces the impairment evaluation guidance (paragraphs 10-18) of EITF Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* ("EITF 03-1"), with references to the existing other-than-temporary impairment guidance. EITF 03-1 disclosure requirements remain in effect, and are applicable for year-end reporting and for interim periods if there are significant changes from the previous year-end. FAS 115-1 also supersedes EITF Topic No. D-44, *Recognition of Other Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value*, and clarifies an investor should recognize an impairment loss no later than when the impairment is deemed other-than-temporary, even if a decision to sell an impaired security has not been made. The guidance in FAS 115-1 is to be applied to reporting periods beginning after December 15, 2005. We will adopt FAS 115-1 January 1, 2006 and anticipate adoption will not 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 based on historical experience and on various other assumptions 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 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 consolidated and combined financial statements included elsewhere in this Annual Report. Management believes 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, we estimated our bad debt expense for the year ended December 31, 2005 would have changed by approximately $2.2 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 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. In accordance with Statement 142, we performed our annual impairment tests as of October 1, 2003, 2004 and 2005 on goodwill. No impairment charges resulted from these tests. 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 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 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 2004 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 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. If our assumption of the risk-adjusted credit rate used to discount current year additions to the asset retirement obligation decreased 1%, our liability as of December 31, 2005 would increase approximately $0.4 million. Similarly, if our assumption of the risk-adjusted credit rate increased 1%, our liability would decrease approximately $0.2 million.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Required information is within Item 7.

ITEM 8. Financial Statements and Supplementary Data

MANAGEMENT'S REPORT ON FINANCIAL STATEMENTS

The consolidated and combined financial statements and notes related thereto were prepared by and are the responsibility of management. The financial statements and related notes were prepared in conformity with U.S. generally accepted accounting principles and include amounts based upon management's best estimates and judgments.

It is management's objective to ensure the integrity and objectivity of its financial data through systems of internal controls designed to provide reasonable assurance that all transactions are properly recorded in our books and records, that assets are safeguarded from unauthorized use and that financial records are reliable to serve as a basis for preparation of financial statements.

The financial statements have been audited by our independent registered public accounting firm, Ernst & Young LLP, to the extent required by auditing standards of the Public Company Accounting Oversight Board (United States) and, accordingly, they have expressed their professional opinion on the financial statements in their report included herein.

The Board of Directors meets with the independent registered public accounting firm and management periodically to satisfy itself that they are properly discharging their responsibilities. The independent registered public accounting firm has unrestricted access to the Board, without management present, to discuss the results of their audit and the quality of financial reporting and internal accounting controls.

/s/Mark P. Mays
Chief Executive Officer

/s/Randall T. Mays
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND SHAREHOLDERS
CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

We have audited the accompanying consolidated and combined balance sheets of Clear Channel Outdoor Holdings, Inc. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated and combined statements of operations, changes in shareholders'/owner's equity, and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in the index at Item 15(a)2. These financial statements and the schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the schedule 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 consolidated and combined financial position of Clear Channel Outdoor Holdings, Inc. and subsidiaries at December 31, 2005 and 2004, and the consolidated and combined results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note B to the consolidated and combined financial statements, in 2004 the Company changed its method of accounting for indefinite lived intangibles.

/s/ Ernst & Young LLP

San Antonio, Texas
March 9, 2006

CONSOLIDATED AND COMBINED BALANCE SHEETS

ASSETS

(In thousands)

	December 31, 2005	December 31, 2004
CURRENT ASSETS		
Cash and cash equivalents	$ 108,644	$ 37,948
Accounts receivable, less allowance of $21,699 in 2005 and $19,487 in 2004	689,007	661,244
Due from Clear Channel Communications	131	302,634
Prepaid expenses	70,459	59,601
Other current assets	32,054	45,813
Total Current Assets	900,295	1,107,240
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings and improvements	313,011	318,478
Structures	3,327,326	3,110,233
Furniture and other equipment	231,758	238,973
Construction in progress	43,012	54,021
	3,915,107	3,721,705
Less accumulated depreciation	1,761,679	1,525,720
	2,153,428	2,195,985
INTANGIBLE ASSETS		
Definite-lived intangibles, net	251,951	334,284
Indefinite-lived intangibles – permits	207,921	211,690
Goodwill	748,886	787,006
OTHER ASSETS		
Notes receivable	5,452	5,872
Investments in, and advances to, nonconsolidated affiliates	98,975	175,057
Deferred tax asset	239,947	231,056
Other assets	311,490	192,743
Total Assets	$ 4,918,345	$ 5,240,933

See Notes to Consolidated and Combined Financial Statements

LIABILITIES AND SHAREHOLDERS'/OWNER'S EQUITY

(In thousands, except share data)

	December 31, 2005	December 31, 2004
CURRENT LIABILITIES		
Accounts payable	$ 213,021	$ 243,542
Accrued expenses	337,441	264,567
Accrued interest	2,496	558
Accrued income taxes	16,812	—
Deferred income	83,196	94,120
Current portion of long-term debt	140,846	146,268
Total Current Liabilities	793,812	749,055
Long-term debt	86,940	30,112
Debt with Clear Channel Communications	2,500,000	1,463,000
Other long-term liabilities	160,879	205,811
Minority interest	167,277	63,302
Commitment and contingent liabilities (Note H)		
SHAREHOLDERS'/OWNER'S EQUITY		
Preferred stock, par value $.01 per share, authorized 150,000 shares, no shares issued and outstanding	—	—
Class A common stock, $.01 par value, 750,000 shares authorized, 35,237 shares issued and outstanding in 2005	352	—
Class B common stock, $.01 par value, 600,000 shares authorized, 315,000 shares issued and outstanding in 2005	3,150	—
Additional paid-in capital	1,183,258	—
Owner's net investment	—	6,679,664
Retained earnings (deficit)	20,205	(4,250,222)
Accumulated other comprehensive income	2,472	300,211
Total Shareholders'/Owner's Equity	1,209,437	2,729,653
Total Liabilities and Shareholders'/Owner's Equity	$ 4,918,345	$ 5,240,933

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)

	Year Ended December 31,		
	2005	2004	2003
Revenue	$ 2,666,078	$ 2,447,040	$ 2,174,597
Operating expenses:			
Direct operating expenses (exclusive of depreciation and amortization)	1,342,307	1,262,317	1,133,386
Selling, general and administrative expenses (exclusive of depreciation and amortization)	541,794	499,457	456,893
Depreciation and amortization	400,639	388,217	379,640
Corporate expenses (exclusive of depreciation and amortization)	61,096	53,770	54,233
Gain on the disposition of assets — net	3,488	10,791	16,669
Operating income	323,730	254,070	167,114
Interest expense	15,687	14,177	14,201
Intercompany interest expense	182,667	145,653	145,648
Equity in earnings (loss) of nonconsolidated affiliates	9,844	(76)	(5,142)
Other income (expense) — net	(12,291)	(16,530)	(21,358)
Income (loss) before income taxes, minority interest and cumulative effect of a change in accounting principle	122,929	77,634	(19,235)
Income tax (expense) benefit:			
Current	(51,173)	(23,422)	12,092
Deferred	5,689	(39,132)	(23,944)
Income tax (expense) benefit	(45,484)	(62,554)	(11,852)
Minority interest expense	15,872	7,602	3,906
Income (loss) before cumulative effect of change in accounting principle	61,573	7,478	(34,993)
Cumulative effect of change in accounting principle, net of tax of, $113,173 in 2004	—	(162,858)	—
Net income (loss)	61,573	(155,380)	(34,993)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(76,315)	124,869	216,214
Comprehensive income (loss)	$ (14,742)	$ (30,511)	$ 181,221
Net income (loss) per common share:			
Basic:			
Income before cumulative effect of a change in accounting principle	$ .19	$ .02	$ (.11)
Cumulative effect of a change in accounting principle	—	(.52)	—
Net income (loss)	$ .19	$ (.50)	$ (.11)
Weighted average common shares outstanding	319,890	315,000	315,000
Diluted:			
Income before cumulative effect of a change in accounting principle	$ .19	$ .02	$ (.11)
Cumulative effect of a change in accounting principle	—	(.52)	—
Net income (loss)	$ .19	$ (.50)	$ (.11)
Weighted average common shares outstanding	319,921	315,000	315,000

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED AND COMBINED STATEMENTS OF CHANGES IN SHAREHOLDERS'/OWNER'S EQUITY

(In thousands)	Class A Common Shares Issued	Class B Common Shares Issued	Common Stock	Owner's Net Investment	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
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
Net income, pre IPO						41,368		41,368
Currency translation adjustment, pre IPO							(78,787)	(78,787)
Dividend to Clear Channel Communications				(2,500,000)				(2,500,000)
Contribution		315,000	3,150	(4,179,664)	189,084	4,208,854	(221,424)	—
Distribution from Clear Channel Communications					393,717			393,717
IPO proceeds, net of offering costs	35,000		350		600,292			600,642
Net income, post IPO						20,205		20,205
Currency translation adjustment, post IPO							2,472	2,472
Exercise of stock options and other	237		2		12			14
Amortization and adjustment of deferred compensation					153			153
Balances at December 31, 2005	35,237	315,000	$ 3,502	$ —	$ 1,183,258	$ 20,205	$ 2,472	$ 1,209,437

See Notes to Consolidated and Combined Financial Statements

CONSOLIDATED AND COMBINED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended December 31,		
	2005	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 61,573	$ (155,380)	$ (34,993)
Reconciling Items:			
Cumulative effect of a change in accounting principle, net of tax	—	162,858	—
Depreciation	311,376	321,071	312,692
Amortization of intangibles	89,263	67,146	66,948
Deferred taxes	(5,689)	39,132	23,944
(Gain) loss on sale of operating and fixed assets	5,513	(11,718)	(11,047)
(Gain) loss on sale of other investments	—	—	(81)
Equity in earnings (loss) of nonconsolidated affiliates	(9,844)	76	5,142
Increase (decrease) other, net	15,872	5,024	2,888
Changes in operating assets and liabilities, net of effects of acquisitions:			
Decrease (increase) in accounts receivable	(10,634)	(21,149)	(84,197)
Decrease (increase) in prepaid expenses	(10,859)	(1,468)	(5,478)
Decrease (increase) in other current assets	59,214	4,262	2,589
Increase (decrease) in accounts payable, accrued expenses and other liabilities	(13,300)	51,535	99,583
Increase (decrease) in accrued interest	1,908	343	(692)
Increase (decrease) in deferred income	(12,512)	(2,537)	10,587
Increase (decrease) in accrued income taxes	28,207	33,300	45,574
Net cash provided by operating activities	510,088	492,495	433,459
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in notes receivable, net	420	414	(202)
Decrease (increase) in investments in, and advances to nonconsolidated affiliates — net	951	(6,986)	(619)
Purchase of other investments	(99)	(961)	—
Proceeds from sale of other investment	—	12,076	—
Purchases of property, plant and equipment	(208,156)	(176,140)	(205,145)
Proceeds from disposal of assets	920	8,354	48,806
Acquisition of operating assets, net of cash acquired	(99,605)	(94,878)	(44,137)
Decrease (increase) in other – net	(55,802)	(52,537)	(28,865)
Net cash used in investing activities	(361,371)	(310,658)	(230,162)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Draws on credit facilities	108,601	71,389	122,032
Payments on credit facilities	(113,193)	(104,945)	(190,077)
Payments on long-term debt	(3,118)	(262)	—
Payments on long-term debt with Clear Channel Communications	(600,642)	—	—
Net transfers (to) from Clear Channel Communications	(70,006)	(148,188)	(154,446)
Proceeds from exercise of stock options	166	—	—
Proceeds from initial public offering	600,642	—	—
Net cash used in financing activities	(77,550)	(182,006)	(222,491)
Effect of exchange rate changes on cash	(471)	4,012	7,558
Net increase (decrease) in cash and cash equivalents	70,696	3,843	(11,636)
Cash and cash equivalents at beginning of year	37,948	34,105	45,741
Cash and cash equivalents at end of year	$ 108,644	$ 37,948	$ 34,105
SUPPLEMENTAL DISCLOSURE:			
Cash paid during the year for interest	$ 195,350	$ 175,395	$ 198,296
Cash paid during the year for taxes	$ 38,493	$ 22,195	$ 18,043

See Notes to Consolidated and Combined Financial Statements

NOTES TO CONSOLIDATED AND COMBINED FINANCIAL STATEMENTS

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Clear Channel Outdoor Holdings, Inc. ("the Company") is an outdoor advertising company which owns or operates advertising display faces domestically and internationally. Prior to November 11, 2005, the Company was a wholly-owned subsidiary of Clear Channel Communications, Inc. ("Clear Channel Communications"), a diversified media company with operations in radio broadcasting and outdoor advertising. In preparation for the initial public offering ("IPO") Clear Channel Communications and its subsidiaries contributed and transferred to the Company all of the assets and liabilities of the outdoor advertising businesses (the "Contribution"). The net assets were transferred at Clear Channel Communications' historical cost basis. The Company completed the Contribution just prior to the IPO, which was effective on November 11, 2005. Pursuant to the IPO registration statement on Form S-1, the Company sold 35.0 million shares of its Class A common stock at a price of $18.00 per share, for net proceeds of $600.6 million after deducting underwriting discounts and offering expenses. Clear Channel Communications holds all of the 315.0 million Class B shares of common stock outstanding, representing approximately 90% of the shares outstanding and approximately 99% of the voting power. The holders of Class A common stock and Class B common stock have identical rights, except holders of Class A common stock are entitled to 1 vote per share while holders of Class B common stock are entitled to 20 votes per share. The Class B shares of common stock are convertible, at the option of the holder at any time or upon any transfer, into shares of Class A common stock on a one-for-one basis, subject to certain limited exceptions.

Nature of Business

The Company operates in the outdoor advertising industry by selling advertising on billboards, street furniture displays, transit displays and other advertising displays. The Company has two principal business segments: Americas and international. The Americas segment includes operations in the United States, Canada and Latin America; and the international segment includes operations in Europe, Asia, Africa and Australia.

Principles of Consolidation and Combination

The combined financial statements include amounts prior to the Contribution derived 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 businesses and give effect to allocations of expenses from Clear Channel Communications. These allocations were made on a specifically identifiable basis or using relative percentages of headcount or other methods management considered to be a reasonable reflection of the utilization of services provided. The Company's historical financial data may not be indicative of its future performance nor will such data reflect what its financial position and results of operations would have been had it operated as an independent publicly traded company during the periods shown. 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.

Certain Reclassifications

Certain amounts in prior years have been reclassified to conform to 2005 presentation. The Company has reclassified operating gains and losses to be included as a component of operating income and reclassified minority interest expense below its provision for income taxes to conform to current year presentation.

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. The Company believes the credit risk with respect to trade receivables is limited due to the large number and the geographic diversification of its customers.

Land Leases and Other Structure Licenses

Most of the Company's advertising structures are located on leased land. Americas land rents are typically paid in advance for periods ranging from 1 to 12 months. International land rents are paid both in advance and in arrears, for periods ranging from 1 to 12 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

Statement of Financial Accounting Standards No. 143, *Accounting for Asset Retirement Obligations* requires the Company to estimate its 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's asset retirement obligation is reported in "Other long-term liabilities." 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 the asset is intended to be used indicate 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 5 to 15 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 the asset is intended to be used indicate 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 performs its 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 buildup 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 future cash flows, 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 depreciation and 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 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, 2005 and 2004. 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, 2005 and 2004.

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 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 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. Payments received in advance of being earned are recorded as deferred income.

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 shareholders'/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.

Advertising Expense

The Company records advertising expense as it is incurred. Advertising expenses of $16.1 million, $18.2 million and $18.2 million were recorded during the year ended December 31, 2005, 2004 and 2003, respectively, as a component of selling, general and administrative expenses.

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 believed to be reasonable under the circumstances. Actual results could differ from those estimates.

New 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, *Accounting for 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).

In April 2005, the SEC issued a press release announcing 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 will adopt Statement 123(R) on January 1, 2006. The Company expects the impact of adopting SAB 107 and Statement 123(R) to be in the range of $5.0 million to $8.0 million recorded as a component of operating expenses in its consolidated statement of operations for the year ended December 31, 2006.

In May 2005, the FASB issued Statement No. 154*Accounting Changes and Error Corrections* ("Statement 154"). This Statement replaces APB Opinion No. 20, *Accounting Changes*, and FASB Statement No. 3, *Reporting Accounting Changes in Interim Financial Statements*, and changes the requirements for the accounting for and reporting of a change in accounting principle. Statement 154 applies to all voluntary changes in accounting principle. It also applies to changes required by an accounting pronouncement in the unusual instance that the pronouncement does not include specific transition provisions. When a pronouncement includes specific transition provisions, those provisions should be followed. This Statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company will adopt Statement 154 on January 1, 2006 and anticipates adoption will not materially impact its financial position or results of operations.

In June 2005, the EITF issued EITF 05-6,*Determining the Amortization Period of Leasehold Improvements* ("EITF 05-6"). EITF 05-6 requires assets recognized under capital leases generally be amortized in a manner consistent with the lessee's normal depreciation policy except 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 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 adopted EITF 05-6 on July 1, 2005 which did not materially impact its financial position or results of operations.

In October 2005, the FASB issued Staff Position 13-1 ("FSP 13-1"). FSP 13-1 requires rental costs associated with ground or building operating leases incurred during a construction period be recognized as rental expense. The guidance in FSP 13-1 shall be applied to the first reporting period beginning after December 15, 2005. The Company will adopt FSP 13-1 January 1, 2006 and anticipates adoption will not materially impact its financial position or results of operations.

In November 2005, the FASB staff issued FASB Staff Position FAS 115-1 ("FAS 115-1"). FAS 115-1 replaces the impairment evaluation guidance (paragraphs 10-18) of EITF Issue No. 03-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments* ("EITF 03-1"), with references to the existing other-than-temporary impairment guidance. EITF 03-1 disclosure requirements remain in effect, and are applicable for year-end reporting and for interim periods if there are significant changes from the previous year-end. FAS 115-1 also supersedes EITF Topic No. D-44, *Recognition of Other Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value*, and clarifies an investor should recognize an impairment loss no later than when the impairment is deemed other-than-temporary, even if a decision to sell an impaired security has not

been made. The guidance in FAS 115-1 is to be applied to reporting periods beginning after December 15, 2005. The Company will adopt FAS 115-1 January 1, 2006 and anticipates adoption will not materially impact its financial position or results of operations.

Other

Under the Sarbanes-Oxley Act of 2002, U.S. public companies are subject to requirements for management and independent auditors to report on the effectiveness of internal control over financial reporting. Internal control over financial reporting is a process designed and maintained by a company's management to provide reasonable assurance about the reliability of financial reporting. The Company's compliance with Section 404 of the Sarbanes-Oxley Act will initially be tested in connection with the filing of its annual report on Form 10-K for the fiscal year ending December 31, 2006.

Stock Based Compensation

At the close of the IPO, 3.6 million options to purchase Clear Channel Communications' common stock were converted to 6.3 million options to purchase the Company's Class A common stock. In addition, the Company granted an additional 2.3 million options subsequent to the IPO. Prior to the IPO, the Company did not have any compensation plans under which it granted stock awards to employees. However, Clear Channel Communications granted the Company's officers and other key employees stock options to purchase shares of Clear Channel Communications common stock. As does the Company, Clear Channel Communications accounted for its stock-based award plans in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*("APB 25"), and related interpretations, under which compensation expense is recorded to the extent the current market price of the underlying stock exceeds the exercise price. Clear Channel Communications calculated 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 was then allocated to the Company based on the percentage of options outstanding to employees of the Company.

Pro forma net income and earnings per share, assuming the Company and Clear Channel Communications accounted for all employee stock options using the fair value method and amortized such to expense over the options' vesting period is as follows:

(In thousands, except per share data)	2005	2004	2003
Income (loss) before cumulative effect of a change in accounting principle:			
Reported	$ 61,573	$ 7,478	$ (34,993)
Pro forma stock compensation expense, net of tax	(3,002)	(6,474)	(3,701)
Pro Forma	$ 58,571	$ 1,004	$ (38,694)
Income (loss) before cumulative effect of a change in accounting principle per common share:			
Basic:			
Reported	$ .19	$ .02	$ (.11)
Pro Forma	$ .18	$ .00	$ (.12)
Diluted:			
Reported	$ .19	$ .02	$ (.11)
Pro Forma	$ .18	$ .00	$ (.12)

All options granted by the Company contain a retirement provision which allows for continued vesting upon retirement. It is the Company's policy to recognize the fair value of such grants over the vesting period, and any remaining unrecognized compensation cost is recognized when an employee actually retires. In accordance with Statement 123(R), the fair value of such grants is to be recognized over the period through the date the employee

first becomes eligible to retire and is no longer required to provide service to earn part or all of the award. If the Company had been accounting for its stock options in accordance with the provisions of Statement 123(R), it would have reported an additional $1.3 million of pro forma stock compensation expense, net of tax, for the year ended December 31, 2005.

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 shorter of either the respective lives of the agreements or over the period of time the assets are expected to contribute to the Company's future cash flows. 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, 2005 and 2004:

(In thousands)	2005		2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Transit, street furniture, and other contractual rights	$ 651,456	$ 408,017	$ 688,373	$ 364,939
Other	56,449	47,937	57,093	46,243
Total	$ 707,905	$ 455,954	$ 745,466	$ 411,182

Total amortization expense from definite-lived intangible assets for the years ended December 31, 2005, 2004 and 2003 was $89.3 million, $67.1 million and $66.9 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, 2005:

(In thousands)	
2006	$ 76,311
2007	41,536
2008	22,894
2009	19,176
2010	12,513

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 intangibles consist of billboard permits. 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 20 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, 2005 and 2004 were $207.9 million and $211.7 million, respectively.

The SEC staff issued D-108 at the September 2004 meeting of the EITF. D-108 states the residual method should no longer be used to value intangible assets other than goodwill. Rather, D-108 requires 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 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 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, 2005 and 2004:

(In thousands)	Americas	International	Total
Balance as of December 31, 2003	$ 345,336	$ 355,461	$ 700,797
Acquisitions	53,719	3,066	56,785
Foreign currency translation	¾	29,401	29,401
Adjustments	(1,678)	1,701	23
Balance as of December 31, 2004	397,377	389,629	787,006
Acquisitions	1,896	4,407	6,303
Foreign currency translation	¾	(50,232)	(50,232)
Adjustments	6,002	(193)	5,809
Balance as of December 31, 2005	$ 405,275	$ 343,611	$ 748,886

NOTE C — BUSINESS ACQUISITIONS

2005 Acquisitions:

During 2005 the Company acquired Americas display faces for $113.3 million in cash. The Company's international segment acquired display faces for $17.1 million and increased its investment to a controlling majority interest in Clear Media Limited for $8.9 million. Clear Media is a Chinese outdoor advertising company and as a result of consolidating its operations during the third quarter of 2005, the acquisition resulted in an increase in the Company's cash of $39.7 million.

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 "Gain on disposition of assets — net."

2003 Acquisitions:

During 2003 the Company acquired Americas 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.

Acquisition Summary

The following is a summary of the assets and liabilities acquired and the consideration given for all acquisitions made during 2005 and 2004. Due to the timing of certain acquisitions, the purchase price allocation is preliminary pending completion of third-party appraisals and other fair value analysis of assets and liabilities.

(*In thousands)*

	2005	2004
Cash	$ 39,656	$ —
Accounts receivable	30,301	¾
Property, plant and equipment	156,386	15,061
Permits	2,228	36,956
Definite-lived intangibles	22,453	—
Goodwill	6,303	45,762
Investments	805	2,512
Other assets	49,682	—
	307,814	100,291
Other liabilities	(63,594)	(3,058)
Minority interests	(101,133)	—
Deferred tax	(3,826)	(2,355)
	(168,553)	(5,413)
Total cash consideration	139,261	94,878
Less cash received	39,656	—
Net cash paid for acquisitions	$ 99,605	$ 94,878

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.

NOTE D — RESTRUCTURING

The following table summarizes the activities related to the Company's restructuring accruals:

(*In thousands)*

	2005	2004	2003
Balance at January 1	$ 6,867	$ 7,469	$ 8,940
Estimated costs charged to restructuring accrual	26,576	4,131	13,800
Adjustments to restructuring accrual	(1,281)	(377)	(5,265)
Payments charged against restructuring accrual	(8,941)	(4,356)	(10,006)
Balance at December 31	$ 23,221	$ 6,867	$ 7,469

In the third quarter of 2005, the Company restructured its operations in France. As a result, the Company recorded $26.6 million in restructuring costs as a component of selling, general and administrative expenses during the third quarter of 2005; $22.5 million was related to severance costs and $4.1 million was related to other costs. The restructuring will result in the termination of 101 employees. As of December 31, 2005, $5.6 million of costs have been incurred and applied against the reserve. As of December 31, 2005, the portion of the accrual associated with the France restructuring was $21.0 million.

The Company restructured its operations in Spain during 2004. As a result, 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. The remainder of the accrual was utilized in 2005. This restructuring has resulted in the termination of 44 employees.

The Company restructured its operations in France during 2003. As a result, 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 and other costs. As of December 31, 2005, the accrual balance relating to the 2003 France restructuring was $0.7 million, which is related to severance. It is expected that these accruals will be paid during 2006. This restructuring has resulted in the termination of 134 employees.

In addition to the above, the Company has a restructuring liability related to Clear Channel Communications' merger with Ackerley in June 2002. At December 31, 2005, the accrual balance for this restructuring was $1.5 million. The remaining restructuring accrual is comprised solely of lease termination, which will be paid over the next five years.

NOTE E — INVESTMENTS

The Company's most significant investments in nonconsolidated affiliates are listed below:

Clear Channel Independent

The Company owns a 50% interest in Clear Channel Independent ("CCI"), formerly known as Corp Comm, a South African outdoor advertising company.

Alessi

The Company owns a 35% interest in Alessi, an Italian outdoor advertising company.

Summarized Financial Information

The following table summarizes the Company's investments in these nonconsolidated affiliates:

(In thousands)	Clear Media	CCI	Alessi	All Others	Total
At December 31, 2004	$ 73,234	$ 51,368	$ 26,098	$ 24,357	$ 175,057
Acquisition (disposition) of investments	8,921	—	763	(46)	9,638
Additional investment, net		—	(378)	(573)	(951)
Equity in net earnings (loss)	2,757	6,998	142	(53)	9,844
Reclassifications	(84,912)	—	—	—	(84,912)
Foreign currency translation adjustment	—	(5,678)	(3,479)	(544)	(9,701)
At December 31, 2005	$ —	$ 52,688	$ 23,146	$ 23,141	$ 98,975

In July, 2005, the Company increased its investment in Clear Media, a Chinese company that operates street furniture displays throughout China, to a controlling majority ownership interest. As a result, the Company began consolidating the results of Clear Media in the third quarter of 2005. The Company accounted for Clear Media as an equity investment prior to July 2005. With the exception of Clear Media, the investments in the table above 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." The accumulated undistributed earnings included in retained earnings for these investments were $2.7 million as of December 31, 2005. Accumulated undistributed losses included in retained deficit for these investments were $3.4 million and $3.3 million as of December 31, 2004 and 2003, respectively.

NOTE F — ASSET RETIREMENT OBLIGATION

The Company has an asset retirement obligation of $49.8 million and $49.2 million as of December 31, 2005 and 2004, respectively, 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 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 the related assets' carrying value.

The following table presents the activity related to the Company's asset retirement obligation:

(In thousands)	2005	2004
Balance at January 1	$ 49,216	$ 24,000
Adjustment due to change in estimate of related costs	(1,344)	26,850
Accretion of liability	3,616	1,800
Liabilities settled	(1,681)	(3,434)
Balance at December 31	$ 49,807	$ 49,216

NOTE G — LONG-TERM DEBT

Long-term debt at December 31, 2005 and 2004 consisted of the following:

(In thousands)	December 31, 2005	December 31, 2004
Debt with Clear Channel Communications	$ 2,500,000	$ 1,463,000
Bank credit facilities	15,035	23,938
Other long-term debt	212,751	152,442
	2,727,786	1,639,380
Less: current portion	140,846	146,268
Total long-term debt	$ 2,586,940	$ 1,493,112

Debt with Clear Channel Communications

In 2002, the Company 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 accrued interest at a per annum rate of 10%. The second intercompany note in the original principal amount of approximately $73.0 million accrued interest at a per annum rate of 9%. The Company used all of the net proceeds of the IPO, along with its 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. The remaining balance of $393.7 million was recorded as a capital contribution pursuant to the Master Agreement between the Company and Clear Channel Communications.

On August 2, 2005, the Company distributed a note in the original principal amount of $2.5 billion to Clear Channel Communications as a dividend. 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 and, subject to certain exceptions, all proceeds from debt or equity raised by the Company must be used to prepay such note. At December 31, 2005, the interest rate on the $2.5 billion intercompany note was 5.9%.

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. 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, 2005, the interest rate on this bank credit facility was 4.2%. At December 31, 2005, the outstanding balance on the $150.0 million sub-limit was $15.0 million and $135.0 million was available for future borrowings, with the entire balance to be repaid on July 12, 2009.

Debt Covenants

The $2.5 billion intercompany note requires the Company 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 the Company's total consolidated shareholders' equity (as defined in the note) as shown on its most recently reported annual audited consolidated financial statements; disposing of all or substantially all of its assets; entering into mergers and consolidations; declaring or making dividends or other distributions; repurchasing its equity; and entering into transactions with its affiliates. In addition, the note requires the Company 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 the Company, its operating subsidiary or its respective successors or assigns, or (ii) the ability to elect a majority of the Board of Directors of the Company, its operating subsidiary or its respective successors or assigns. Upon the Company's issuances of equity and incurrences of debt, subject to certain exceptions, it is also required to prepay the note in the amount of the net proceeds received by it 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 the Company's operating subsidiary or available to it; 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 the Company in the payment of indebtedness in excess of $25.0 million, a final judgment or order in excess of $25.0 million against the Company or forfeiture of property by it having a value in excess of $25.0 million; or the declaration by the Company or against the Company of bankruptcy or insolvency.

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 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 2005, Clear Channel Communications' leverage and interest coverage ratios were 3.4x and 4.9x, 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, 2005, the Company and Clear Channel Communications were in compliance with all debt covenants.

Other Debt

Other debt includes various borrowings and capital leases utilized for general operating purposes. Included in the $212.8 million balance at December 31, 2005 is $140.8 million that matures in less than one year.

Debt Maturities

Future maturities of long-term debt at December 31, 2005 are as follows:

(In thousands)	
2006	$ 140,846
2007	1,655
2008	26,623
2009	55,636
2010	75
Thereafter	2,502,951
Total	$ 2,727,786

NOTE H — 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 similar type surfaces. The majority of these contracts contain rent provisions 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.

As of December 31, 2005, 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:

(In thousands)	Non-Cancelable Operating Leases	Non-Cancelable Contracts	Capital Expenditures
2006	$ 202,671	$ 356,109	$ 72,015
2007	157,339	248,055	44,578
2008	132,900	209,628	16,802
2009	124,984	189,205	9,233
2010	135,098	173,544	11,398
Thereafter	627,761	697,392	8,026
Total	$ 1,380,753	$ 1,873,933	$ 162,052

Rent expense charged to operations for 2005, 2004 and 2003 was $876.5 million, $822.8 million and $721.5 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.

The Company is 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 the Company 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 the Company. 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. The Company filed a motion to have the punitive damages award reduced. The trial judge granted the Company's motion. A final judgment in the amount of $4.1 million in compensatory damages and $12.3 million in punitive damages was signed on January 23, 2006. The Company has appealed the underlying judgment and the Plaintiff filed a cross-appeal. The Plaintiff seeks to reinstate the original award of punitive damages. The Company has insurance coverage for up to approximately $50.0 million in damages for this matter.

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, 2005, the Company believes its maximum aggregate contingency, which is subject to the financial performance of the acquired companies, is approximately $26.3 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, 2005, the Company believes its maximum aggregate contingency, which is subject to performance requirements by the seller, is approximately $36.4 million. As the contingencies have not been met or resolved as of December 31, 2005, 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 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 I — 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 consolidated and combined balance sheets. Subsequent to the IPO, the account accrues interest pursuant to the Master Agreement 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 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, 2005 and 2004, the balance in “Due from Clear Channel Communications” was $0.1 million and $302.6 million, respectively. The net interest income for the year ended December 31, 2005 was $0.1 million.

The Company 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 G. The Company used all of the net proceeds of the IPO, along with its 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. The remaining balance of $393.7 million was recorded as a capital contribution pursuant to the Master Agreement between the Company and Clear Channel Communications.

On August 2, 2005, the Company distributed a note in the original principal amount of $2.5 billion to Clear Channel Communications as a dividend. This note matures on August 2, 2010 and 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. At December 31, 2005, the interest rate on the $2.5 billion intercompany note was 5.9%.

Prior to the IPO, Clear Channel Communications 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 prior to the IPO in “Owner’s net investment,” a component of shareholders’/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, 2005, 2004 and 2003, the Company recorded $10.0 million, $12.4 million, and $17.5 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) executive officer services; (iii) human

resources and employee benefits services; (iv) legal and related services; (v) information systems, network and related services; (vi) investment services; (vii) procurement and sourcing support services; and (viii) other general corporate services. These services are charged to the Company based on actual direct costs incurred or allocated by Clear Channel Communications based on headcount, revenue or other factors on a pro rata basis. For the years ended December 31, 2005, 2004 and 2003, the Company recorded $16.0 million, $16.6 million, and $19.6 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 began charging the Company a royalty fee based on annual revenue for use of the Clear Channel trademark name. Clear Channel Communications used a third party valuation firm to assist in the calculation of the royalty fee. For the years ended December 31, 2005, 2004 and 2003, the Company recorded $14.8 million, $15.8 million, and $14.1 million, respectively, of royalty fees in "Other income (expense) — net."

Pursuant to the tax matters agreement, 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 the Company's employee stock options exercises are retained by the Company.

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 some portion or all of the asset will not be realized. The Company's provision for income taxes is further disclosed in Note J.

Pursuant to the employee matters agreement, 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 $9.1 million, $8.2 million, and $7.1 million for the years ended December 31, 2005, 2004 and 2003, respectively.

NOTE J — 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:

(In thousands)

	2005	2004	2003
Current — federal	$ 2,280	$ (10,291)	$ (27,813)
Current — foreign	48,037	34,894	22,734
Current — state	856	(1,181)	(7,013)
Total current	51,173	23,422	(12,092)
Deferred — federal	26,007	40,048	44,098
Deferred — foreign	(35,040)	(18,339)	(27,714)
Deferred — state	3,344	17,423	7,560
Total deferred	(5,689)	39,132	23,944
Income tax expense (benefit)	$ 45,484	$ 62,554	$ 11,852

The increase in current tax expense of $27.8 million for the year ended December 31, 2005 was due primarily to an increase in "Income (loss) before income taxes, minority interest and cumulative effect of a change

in accounting principle" of $45.3 million. Deferred tax expense decreased by $44.8 million for the year ended December 31, 2005 due to less tax depreciation recorded in 2005 as well as certain tax losses on the disposition of assets recorded in 2004. The decrease in tax depreciation is primarily due to a change in the tax laws resulting in the expiration of the favorable bonus depreciation tax rules in 2004. In addition foreign deferred tax benefits increased $16.7 million for the year ended December 31, 2005 primarily due to a change in the carrying value of certain deferred tax liabilities as a result of certain local country law and tax rate changes.

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, minority interest and cumulative effect of a change in accounting principle" of $96.9 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.

Significant components of the Company's deferred tax liabilities and assets as of December 31, 2005 and 2004 are as follows:

(In thousands)

	2005	2004
Deferred tax liabilities:		
Foreign	$ 3,917	$ 37,185
Other	1,450	1,816
Total deferred tax liabilities	5,367	39,001
Deferred tax assets:		
Intangibles and fixed assets	241,016	266,053
Accrued expenses	24	1,163
Equity in earnings	2,138	2,138
Net operating loss carryforwards	338	—
Bad debt reserves	2,799	1,624
Deferred income	4,801	8,762
Other	417	95
Total deferred tax assets	251,533	279,835
Net deferred tax assets	246,166	240,834
Less current portion	6,219	9,778
Long-term net deferred tax assets	$ 239,947	$ 231,056

The deferred tax asset associated with 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 its book basis in permits. As the Company continues to amortize its tax basis in its permits and tax deductible goodwill, the deferred tax asset will decrease over time.

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense is:

(In thousands)

	2005	2004	2003
Income tax expense (benefit) at statutory rates	$ 43,025	$ 24,511	$ (8,100)
State income taxes, net of federal tax benefit	4,200	16,242	547
Foreign taxes	4,816	11,379	5,974
Nondeductible items	597	607	560
Additional deferred tax expense	—	4,804	—
Tax contingencies	(7,074)	4,626	10,116
Subpart F income	—	441	2,542
Other, net	(80)	(56)	213
	$ 45,484	$ 62,554	$ 11,852

During 2005, the Company recorded tax expense of approximately $45.5 million on income (loss) before income taxes, minority interest and cumulative effect of a change in accounting principle of $122.9 million. Foreign income (loss) before income taxes was approximately $23.4 million for 2005. The Company recorded a current tax benefit of approximately $8.0 million due to the favorable resolution of certain tax contingencies in 2005. These tax contingencies primarily associated with tax planning related to the Company's foreign operations that was reviewed and not adjusted by the taxing authorities during 2005. The tax contingencies were originally recorded through the income statement by increasing current tax expense in earlier years when the planning was implemented and therefore, when the contingencies were settled favorably the amounts were reversed in the income statement as a current tax benefit in the current year. 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 2004, the Company recorded tax expense of approximately $62.6 million on income (loss) before income taxes, minority interest and cumulative effect of a change in accounting principle of $77.6 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, minority interest and cumulative effect of a change in accounting principle of ($19.2) 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.

All tax liabilities owed by the Company are paid by the Company or on behalf of the Company by Clear Channel Communications through an operating account that represents net amounts due to or from Clear Channel Communications.

NOTE K — SHAREHOLDERS'/OWNER'S EQUITY

Stock Options

The Company has granted options to purchase its Class A common stock to employees and directors of the Company and its affiliates 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 permit the adjustment of the number of shares of the Company common stock represented by each option for any change in capitalization.

The following table presents a summary of the Company's stock options outstanding at and stock option activity during the year ended December 31, 2005 ("Price" reflects the weighted average exercise price per share). There were no options to purchase the Company's stock issued or outstanding prior to the IPO:

(In thousands, except per share data)

	2005	
	Options	Price
Outstanding, beginning of year	—	$ —
Options converted from Clear Channel Communications (1)	6,296	26.26
Granted	2,302	18.00
Exercised	(1)	15.43
Forfeited or expired	(88)	23.86
Outstanding, end of year	8,509	$ 24.05
Exercisable, end of year	2,875	
Weighted average fair value per option granted	$ 6.51	

(1) Prior to the IPO, the Company's employees held 3.6 million options to purchase shares of Clear Channel Communications' common stock. All of these options for Clear Channel Communications' common stock were converted into options of the Company at the closing of the IPO.

There were 33.3 million shares available for future grants under the various option plans at December 31, 2005. Vesting dates range from February 2004 to November 2010, and expiration dates range from February 2006 to December 2015 at exercise prices and average contractual lives as follows:

(In thousands of shares) Range of Exercise Prices	Outstanding as of 12/31/05	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Exercisable as of 12/31/05	Weighted Average Exercise Price
$15.01—$20.00	3,317	7.2	$ 17.94	43	$ 17.20
20.01—25.00	1,195	5.0	21.06	54	23.87
25.01—30.00	2,329	3.6	26.12	1,642	26.03
30.01—35.00	994	2.6	32.80	462	32.87
35.01—40.00	521	1.2	37.93	521	37.93
40.01—45.00	114	4.6	42.80	114	42.80
45.01—50.00	39	1.0	49.52	39	49.52
	8,509	4.9	$ 24.05	2,875	$ 30.09

Prior to the IPO, the Company did not have any compensation plans under which it granted stock awards to employees. However, Clear Channel Communications granted the Company's officers and other key employees stock options to purchase shares of Clear Channel Communications' common stock. As does the Company, Clear Channel Communications accounted for its stock-based award plans in accordance with APB 25, and related interpretations, under which compensation expense is recorded to the extent the current market price of the underlying stock exceeds the exercise price. Clear Channel Communications calculated 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 was then allocated to the Company based on the percentage of options outstanding to employees of the Company.

The fair value of the 6.3 million options converted from Clear Channel Communications to the Company's options was estimated at the date of conversion and the fair value of the 2.3 million new options granted was estimated at the date of grant, using a Black-Scholes option-pricing model with the following assumptions: Risk-free interest rate ranging from 4.42% to 4.58%, a dividend yield of 0%, an expected volatility factor ranging from 25% to 27% and an expected life ranging from 1.3 years to 7.5 years.

Pro forma net income and earnings per share, assuming the Company and Clear Channel Communications accounted for all employee stock options using the fair value method and amortized such to expense over the options' vesting period is as follows:

(In thousands, except per share data)	2005	2004	2003
Income (loss) before cumulative effect of a change in accounting principle:			
Reported	$ 61,573	$ 7,478	$ (34,993)
Pro forma stock compensation expense, net of tax	(3,002)	(6,474)	(3,701)
Pro Forma	$ 58,571	$ 1,004	$ (38,694)
Income (loss) before cumulative effect of a change in accounting principle per common share:			
Basic:			
Reported	$ .19	$ .02	$ (.11)
Pro Forma	$ .18	$ .00	$ (.12)
Diluted:			
Reported	$ .19	$ .02	$ (.11)
Pro Forma	$ .18	$ .00	$ (.12)

The weighted average fair value of stock options granted is required to be based on a theoretical option pricing model. In actuality, because the company's employee stock options are not traded on an exchange, employees can receive no value nor derive any benefit from holding stock options under these plans without an increase in the market price of the Company's stock. Such an increase in stock price would benefit all shareholders commensurately.

Restricted Stock Awards

The Company granted 0.2 million restricted stock awards to its employees at the close of the IPO at a weighted average share price of $18.00. These common shares hold 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 Company's stock option plan. For the years ended December 31, 2005, 2004 and 2003, the Company recorded $0.8 million, $0.1 million and none, respectively, as a component of direct operating expenses for restricted stock. The amount recorded prior to the IPO relates to Clear Channel Communications' restricted stock awards granted to the Company's employees.

Reconciliation of Earnings per Share

In connection with the IPO, all of Clear Channel Communications shares of the Company's common stock outstanding were converted into 315.0 million shares of Class B common stock. This conversion is reflected as a recapitalization for earnings per share purposes which requires retroactive statement in accordance with FAS 128, *Earnings Per Share*. As a result, shares outstanding prior to the IPO are 315.0 million.

(In thousands, except per share data)	2005	2004	2003
NUMERATOR:			
Income (loss) before cumulative effect of a change in accounting principle	$ 61,573	$ 7,478	$ (34,993)
Cumulative effect of a change in accounting principle	¾	(162,858)	¾
Net income (loss)	61,573	(155,380)	(34,993)
Effect of dilutive securities:			
None	¾	¾	¾
Numerator for net income (loss) per common share — diluted	$ 61,573	$ (155,380)	$ (34,993)
DENOMINATOR:			
Weighted average common shares	319,890	315,000	315,000
Effect of dilutive securities:			
Stock options and restricted stock awards	31	¾	¾
Denominator for net income (loss) per common share — diluted	319,921	315,000	315,000
Net income (loss) per common share:			
Income before cumulative effect of a change in accounting principle — Basic	$ .19	$ .02	$ (.11)
Cumulative effect of a change in accounting principle — Basic	¾	(.52)	¾
Net income (loss) — Basic	$ .19	$ (.50)	$ (.11)
Income before cumulative effect of a change in accounting principle — Diluted	$ .19	$ .02	$ (.11)
Cumulative effect of a change in accounting principle — Diluted	¾	(.52)	¾
Net income (loss) — Diluted	$ .19	$ (.50)	$ (.11)

NOTE L — EMPLOYEE STOCK AND SAVINGS PLANS

The Company's U.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 $2.1 million, $1.9 million and $1.6 million were recorded as a component of operating expenses for 2005, 2004 and 2003, respectively.

In addition, employees in the Company's international segment participate in retirement plans administered by the Company which are not part of the 401(K) savings and other plans provided by Clear Channel Communications. Contributions to these plans of $16.2 million, $15.0 million and $9.4 million were recorded as a component of operating expenses for 2005, 2004 and 2003, 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 95% of the market value on the day of purchase. Clear Channel Communications changed its discount from market value offered to participants under the plan from 15% to 5% in July 2005.

Employees may purchase shares having a value not exceeding 10% of their annual gross compensation or $25,000, whichever is lower. During 2005, 2004 and 2003, all Clear Channel Communications employees purchased 222,789, 262,163 and 266,978 shares at weighted average share prices of $28.79, $32.05 and $34.01, respectively. The Company's employees represent approximately 13% 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. Clear Channel Communications 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 M — OTHER INFORMATION

(In thousands)	For the Year Ended December 31,		
	2005	2004	2003
The following details the components of "Other income (expense) — net:"			
Royalty fee to Clear Channel Communications	$ (14,825)	$ (15,809)	$ (14,063)
Asset retirement obligation	—	—	(7,000)
Other	2,534	(721)	(295)
Total other income (expense) — net	$ (12,291)	$ (16,530)	$ (21,358)

NOTE N — SEGMENT DATA

The Company has two reportable operating segments — Americas and international. The Americas segment includes operations in the United States, Canada and Latin America, and the international segment includes operations in Europe, Asia, Africa and Australia.

(In thousands)	Americas	International	Corporate and gain on disposition of assets - net	Consolidated/ Combined
2005				
Revenue	$ 1,216,382	$ 1,449,696	$ —	$ 2,666,078
Direct operating expenses	490,519	851,788	—	1,342,307
Selling, general and administrative expenses	186,749	355,045	—	541,794
Depreciation and amortization	180,559	220,080	—	400,639
Corporate expenses	—	—	61,096	61,096
Gain on disposition of assets – net	—	—	3,488	3,488
Operating income (loss)	$ 358,555	$ 22,783	$ (57,608)	$ 323,730
Identifiable assets	$ 2,531,641	$ 2,140,407	$ 246,297	$ 4,918,345
Capital expenditures	$ 73,084	$ 135,072	$ —	$ 208,156
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
Gain on disposition of assets – net	—	—	10,791	10,791
Operating income (loss)	$ 263,772	$ 33,277	$ (42,979)	$ 254,070
Identifiable assets	$ 2,460,011	$ 2,223,918	$ 557,004	$ 5,240,933
Capital expenditures	$ 60,506	$ 115,634	$ —	$ 176,140

(In thousands)

	Americas	International	Corporate and gain on disposition of assets - net	Consolidated/ Combined
2003				
Revenue	$ 1,006,376	$ 1,168,221	$ —	$ 2,174,597
Divisional 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
Gain on disposition of assets – net	—	—	16,669	16,669
Operating income (loss)	$ 215,485	$ (10,807)	$ (37,564)	$ 167,114
Identifiable assets	$ 2,705,321	$ 2,159,503	$ 367,996	$ 5,232,820
Capital expenditures	$ 60,685	$ 144,460	$ —	$ 205,145

Revenue of $69.7 million, $57.5 million and $46.6 million and identifiable assets of $68.2 million, $35.7 million and $28.9 million derived from the Company's operations in Latin America and Canada are included in the Americas data above for the years ended December 31, 2005, 2004 and 2003, respectively.

NOTE O — QUARTERLY RESULTS OF OPERATIONS (Unaudited)

(In thousands, except per share data)

	March 31		June 30		September 30		December 31	
	2005	2004	2005	2004	2005	2004	2005	2004
Revenue	$ 578,959	$ 521,593	$ 684,509	$ 639,549	$ 668,003	$ 600,166	$ 734,607	$ 685,732
Operating expenses:								
Direct operating expenses	326,054	293,851	332,706	312,815	329,688	317,754	353,859	337,897
Selling, general and administrative expenses	129,597	118,022	127,316	119,310	153,162	120,856	131,719	141,269
Depreciation and amortization	98,266	99,750	96,562	92,806	95,405	96,254	110,406	99,407
Corporate expenses	12,975	11,856	13,423	14,681	12,999	12,914	21,699	14,319
Gain (loss) on the disposition of assets — net	1,581	368	290	(100)	1,043	577	574	9,946
Operating income (loss)	13,648	(1,518)	114,792	99,837	77,792	52,965	117,498	102,786
Interest expense	3,244	3,675	3,223	3,600	3,407	3,836	5,813	3,066
Intercompany interest expense	36,414	36,413	36,414	36,413	60,265	36,413	49,574	36,414
Equity in earnings of nonconsolidated affiliates	345	319	5,602	4,468	3,961	(2,517)	(64)	(2,346)
Other income (expense) — net	(2,842)	(6,055)	(1,129)	(2,469)	(5,748)	(4,568)	(2,572)	(3,438)
Income (loss) before income taxes, minority interest and cumulative effect of a change in accounting principle	(28,507)	(47,342)	79,628	61,823	12,333	5,631	59,475	57,522
Income tax (expense) benefit	23,565	35,706	(58,431)	(43,946)	3,122	(3,009)	(13,740)	(51,305)
Minority interest expense	950	748	3,685	2,634	5,913	1,581	5,324	2,639
Income (loss) before cumulative effect of a change in accounting principle	(5,892)	(12,384)	17,512	15,243	9,542	1,041	40,411	3,578
Cumulative effect of a change in accounting principle, net of tax of $113,173	—	—	—	—	—	—	—	(162,858)
Net income (loss)	$ (5,892)	$ (12,384)	$ 17,512	$ 15,243	$ 9,542	$ 1,041	$ 40,411	$ (159,280)
Net income (loss) per common share:								
Basic	$ (.02)	$ (.04)	$ .06	$ .05	$ .03	.00	$ .12	(.51)
Diluted	$ (.02)	$ (.04)	$ .06	$ .05	$ .03	.00	$ .12	(.51)
Stock price:								
High	$ —	$ —	$ —	$ —	$ —	$ —	$ 20.40	$ —
Low	—	—	—	—	—	—	18.00	—

The Company's Class A common stock is traded on the New York Stock Exchange under the symbol CCO.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable

ITEM 9A. Controls and Procedures

Our principal executive and financial officers have concluded, based on their evaluation as of the end of the period covered by this Form 10-K, that our disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, are effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. Other Information

Not applicable

PART III

ITEM 10. Directors and Executive Officers of the Registrant

Set forth below are the names and ages and current positions of our executive officers, directors and significant employees as of March 15, 2006.

Name	Age	Position	Term as Director
L. Lowry Mays	70	Chairman of the Board and Director	Expires 2007
William D. Parker	44	Director	Expires 2009
James M. Raines	66	Director	Expires 2007
Marsha McCombs Shields	51	Director	Expires 2008
Dale W. Tremblay	47	Director	Expires 2009
Mark P. Mays	42	Chief Executive Officer and Director	Expires 2009
Randall T. Mays	40	Chief Financial Officer and Director	Expires 2008
Paul J. Meyer	63	President and Chief Operating Officer	
Jonathan Bevan	34	Chief Financial Officer — International	
Augusto Claux	58	Regional President — Latin America	
Michael R. Deeds	63	Executive Vice President — Americas Operations	
Bo Rickard Hedlund	40	Chief Executive Officer — Northern Europe	
Michael F. Hudes	45	Global Director — Digital Media	
Eugene P. Leehan	43	Regional President — Western United States	
Coline 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 Tingey	41	Executive Vice President — Americas Chief Financial Officer	
Laura C. Toncheff	38	Executive Vice President — Americas Real Estate, Public Affairs and Legal	

L. Lowry Mays has served as a member of our Board of Directors since April 1997 and has been our Chairman of the Board since October 2005. 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 Live Nation, 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.

James M. Raines has served as the President of James M. Raines & Co., an investment banking company, since 1988. Since 1998, Mr. Raines has served on the Board of Directors of Waddell & Reed Financial, Inc., a financial services corporation.

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. Ms. Shields is the daughter of one of the Board members of Clear Channel Communications.

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 was President and Chief Operating Officer of Clear Channel Communications from February 1997 until his appointment as President and Chief Executive Officer in October 2004. He relinquished his duties as President of Clear Channel Communications in February 2006. Mr. Mays has served on the Board of Directors of Clear Channel Communications since May 1998, and has served on the Board of Live Nation, 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 Chief Financial Officer since August 2005 and Director since April 1997. Mr. Mays has served as Chairman of the Board of Directors of Live Nation, Inc. since August 2005. He also was appointed Executive Vice President and Chief Financial Officer of Clear Channel Communications in February 1997 and was appointed Secretary in April 2003. He was appointed President of Clear Channel Communications in February 2006. 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 Americas segment from January 2002 to April 2005 and President/Chief Operating Officer of our Americas 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 Financial Officer — International since January 2006. Prior thereto, he served as 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 — Americas 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 and 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.

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

Composition of the Board of Directors

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 Committee and the size of the Board.

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."

Director Independence

Our board currently consists of seven directors, four of whom are independent (as defined by our Governance Guidelines and NYSE listing standards) and one of whom is our Chief Executive Officer. Our Governance Guidelines, which include guidelines for determining director independence, are published in the investor relations section of our website at www.clearchanneloutdoor.com . For a director to be independent, the board must determine the director does not have any direct or indirect material relationship with Clear Channel Outdoor. The board has established guidelines to assist it in determining director independence, which conform to, or are more exacting than, the independence requirements of the NYSE. The independence guidelines are set forth in Appendix A of the Governance Guidelines. The board has determined Mr. Parker, Mr. Raines, Ms. Shields and Mr. Tremblay satisfy the NYSE's independence requirements and our board's independence guidelines.

Audit Committee

The three independent (as determined by the Board of Directors based on the NYSE listing standards) Audit Committee members are James M. Raines, who serves as the chairman, Marsha McCombs Shields and Dale W. Tremblay. James M. Raines has been designated by our Board of Directors as the Audit Committee financial expert (as defined in the applicable regulations of the SEC). The Audit Committee operates 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.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors, executive officers and beneficial owners of more than 10% of any class of equity securities of Clear Channel Outdoor to file reports of ownership and changes in ownership with the SEC and the NYSE. Directors, executive officers and greater than 10% shareholders are required to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no such forms were required to be filed by those persons, Clear Channel Outdoor believes all such Section 16(a) filing requirements were satisfied during fiscal year 2005.

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.

ITEM 11. Executive Compensation

The following tables set forth compensation information with respect to the Company and Clear Channel Communications for our chief executive officer and our other four most highly compensated executive officers who served as officers of Clear Channel Outdoor as of December 31, 2005, as well as our additional individual for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the Company as of December 31, 2005. We refer to these individuals as our "named executive officers" in this Annual Report.

Summary Compensation Table – Clear Channel Outdoor

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation ($)
					Awards		Payouts	
		Salary ($)	Bonus ($)	Other Annual Compensation ($)(1)	Restricted Stock Award(s) ($)	Options (#)	LTIP Payout ($)	
Mark P. Mays	2005	191,317	—	—	—	100,000	—	1,143(4)
CEO (2) (3)	2004	140,972	348,094	—	—	—	—	1,049(4)
Paul J. Meyer	2005	566,742	920,000	—	—	365,000	—	5,250(4)
President and COO	2004	465,686	342,000	—	—	—	—	5,125(4)
Franklin G. Sisson, Jr.	2005	281,821	270,750	—	—	110,000	—	5,250(4)
Global Director — Sales and Marketing	2004	249,068	99,250	—	—	—	—	4,048(4)
Kurt A. Tingey	2005	236,221	228,000	—	99,000(5)	68,000	—	5,250(4)
Executive VP and CFO — Americas	2004	216,105	86,348	—	—	—	—	5,125(4)
Laura C. Toncheff	2005	236,201	228,000	—	355,500(6)	11,000	—	5,250(4)
Executive VP — Real Estate, Public Affairs and Legal — Americas	2004	216,010	86,348	—	—	—	—	5,125(4)
Roger Parry* (7)	2005	818,641	444,949	—	—	—	—	269,992(8)
	2004	785,355	598,719	—	—	—	—	214,502(8)

* 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 has served as our Chief Executive Officer since August 2005. Mr. Mays was President and Chief Operating Officer of Clear Channel Communications from February 1997 until his appointment as President and Chief Executive Officer in October 2004. He relinquished his duties as President of Clear Channel Communications in February 2006.

(3) For 2005, the amounts reflected in the "Salary," "Bonus" and "All Other Compensation" for Mr. Mays represent the costs allocated to Clear Channel Outdoor under the Corporate Services Agreement with Clear Channel Communications for Mr. Mays' salary, bonus and other standard employee benefits. For a description of the Corporate Services Agreement, see "Item 13. Certain Relationships and Related Transactions—Arrangements Between Clear Channel Communications and Us—Corporate Services Agreement." For 2004, the amounts reflected in the table represent a portion of compensation paid to our CEO by Clear Channel Communications allocated to us based on services rendered to us in his capacity as CEO.

(4) Represents the amount of matching contributions paid related to participation in the Clear Channel Communications 401(k) Plan.

(5) Grant of 5,500 shares of the Company's restricted stock was awarded on November 11, 2005. The restricted stock had a fair market value of $110,275 as of December 31, 2005. The restriction will lapse and 25% of the shares will vest on the third and fourth anniversary of the date of the grant, with the remaining 50% of the shares vesting on the fifth anniversary of the date of the grant.

(6) Grant of 19,750 shares of the Company's restricted stock was awarded on November 11, 2005. The restricted stock had a fair market value of $395,988 as of December 31, 2005. The restriction will lapse and 25% of the shares will vest on the third and fourth anniversary of the date of the grant, with the remaining 50% of the shares vesting on the fifth anniversary of the date of the grant.

(7) 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.

(8) Includes $68,221 and $62,902 in contracted payments to Mr. Parry in lieu of a company automobile for 2005 and 2004, respectively. Also includes $4,549 and $9,334 in contracted payments to Mr. Parry in lieu of medical benefit for 2005 and 2004, respectively. Also includes $197,222 and $142,266 in contributions paid by Clear Channel Communications to Mr. Parry's pension plan for 2005 and 2004, respectively.

Summary Compensation Table – Clear Channel Communications

		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	2005	—	—	—	5,840,060(3)	255,000	—	—
CEO	2004	—	—	—	1,113,250(3)	150,000	—	—
Paul J. Meyer	2005	—	—	—	377,040(4)	—	—	—
President and COO	2004	—	—	—	—	65,000(2)	—	—
Franklin G. Sisson, Jr.	2005	—	—	—	—	20,000(2)	—	—
Global Director — Sales and Marketing	2004	—	—	—	—	15,000(2)	—	—
Kurt A. Tingey	2005	—	—	—	—	20,000(2)	—	—
Executive VP and CFO — Americas	2004	—	—	—	—	15,000(2)	—	—
Laura C. Toncheff	2005	—	—	—	62,840(5)	10,000(2)	—	—
Executive VP — Real Estate, Public Affairs and Legal — Americas	2004	—	—	—	—	15,000(2)	—	—
Roger Parry	2005	—	—	—	125,680(4)	20,000(2)	—	—
	2004	—	—	—	—	35,000(2)	—	—

(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) Prior to the IPO, these named executive officers were granted options to purchase shares of Clear Channel Communications' common stock. As a result of the IPO, these options were converted to options to purchase our Class A common stock. Amounts reflected in the table represent the initial grants of Clear Channel Communications' common stock.

(3) Grants of 150,000 and 34,000 shares of Clear Channel Communications' restricted stock were awarded on December 22, 2005 and February 16, 2005, respectively. The grants authorized in December 2005 were made in lieu of option grants that would otherwise have been made in 2006. Grants of 25,000 shares of Clear Channel Communications' restricted stock were awarded on both February 19, 2004 and February 19, 2003. The aggregate 234,000 shares of restricted stock had a fair market value of $7,359,300 as of December 31, 2005. The restriction will lapse and the shares will vest on the fifth anniversary of the date of grant. The holder will receive all cash dividends declared by and paid by Clear Channel Communications during the vesting period.

(4) Grants of 12,000 and 4,000 shares of Clear Channel Communications' restricted stock were awarded to Mr. Meyer and Mr. Parry, respectively, on January 12, 2005. The aggregate shares of Clear Channel

Communications' restricted stock had a fair market value of $377,400 and $125,800, respectively, as of December 31, 2005. The restriction will lapse and 25% of the shares will vest on the third and fourth anniversary of the date of the grant, with the remaining shares vesting on the fifth anniversary of the date of grant. The holder will receive all cash dividends declared and paid by Clear Channel Communications during the vesting period.

(5) Grant of 2,000 shares of Clear Channel Communications' restricted stock was awarded on January 12, 2005. The restricted stock had a fair market value of $62,900 as of December 31, 2005. The holder will receive all cash dividends declared and paid by Clear Channel Communications during the vesting period. The restriction will lapse and 25% of the shares will vest on the third and fourth anniversary of the date of the grant, with the remaining 50% of the shares vesting on the fifth anniversary of the date of the grant.

Stock Options

The following table sets forth certain information regarding stock options to purchase shares of our Class A common stock granted to our named executive officers during the year ended December 31, 2005:

Stock Option Grant Table – Clear Channel Outdoor

Name	Date of Grant	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	11/11/05	100,000(2)	4.1%	18.00	11/11/15	744,000
Paul J. Meyer	11/11/05	365,000(3)	15.0%	18.00	11/11/12	2,294,025
Franklin G. Sisson, Jr.	11/11/05	110,000(3)	4.5%	18.00	11/11/12	691,350
Kurt A. Tingey	11/11/05	68,000(3)	2.8%	18.00	11/11/12	427,380
Laura C. Toncheff	11/11/05	11,000(3)	.5%	18.00	11/11/12	69,135
Roger Parry	—	—	—	—	—	—

(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 ranging from 4.51% to 4.58%, a dividend yield of 0%, an expected volatility factor of 27% and the expected life ranging from 5 years to 7.5 years. The present value of stock options granted is based on a theoretical option-pricing model. In actuality, because Clear Channel Outdoor's 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 our Class A common stock. Such an increase in stock price would benefit all shareholders commensurately.

(2) The stock options granted vest 100% on the fifth anniversary of the date of the grant.

(3) The stock options granted vest 25% on the third and fourth anniversary of the date of the grant, with the remaining 50% of the shares vesting on the fifth anniversary of the date of the grant.

The following table sets forth certain information regarding stock options to purchase shares of Clear Channel Communications' common stock granted to the named executive officers during the year ended December 31, 2005:

Stock Option Grant Table – Clear Channel Communications

Name	Date of Grant	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	1/12/05	210,000(2)	2.9%	31.42	1/12/15	1,967,700
Mark P. Mays	2/16/05	45,000(3)	.6%	34.34	2/16/15	469,800
Paul J. Meyer	—	—	—	—	—	—
Franklin G. Sisson, Jr.	1/12/05	20,000(4)	.3%	31.42	1/12/15	187,400
Kurt A. Tingey	1/12/05	20,000(4)	.3%	31.42	1/12/15	187,400
Laura C. Toncheff	1/12/05	10,000(5)	.1%	31.42	1/12/12	80,875
Roger Parry	1/12/05	20,000(5)	.3%	31.42	1/12/12	161,750

(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 ranging from 3.76% to 4.33%, a dividend yield ranging from 1.46% to 2.36%, an expected volatility factor of 25% and the expected life ranging from 5 years to 7.5 years. The present value of stock options granted is based on a theoretical option-pricing model. In actuality, because the 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 the common stock. Such an increase in stock price would benefit all shareholders commensurately.

(2) As a result of the December 21, 2005 spin-off of Clear Channel Communications' entertainment division, the 210,000 options granted on January 12, 2005 at the exercise price of $31.42 per share were subsequently adjusted to 217,684 options at an exercise price of $30.3107 per share. This adjustment was pursuant to the recapitalization provision of the stock option agreement. The stock options granted vest 100% on the fifth anniversary of the date of the grant.

(3) As a result of the December 21, 2005 spin-off of Clear Channel Communications' entertainment division, the 45,000 options granted on February 16, 2005 at the exercise price of $34.34 per share were subsequently adjusted to 47,001 options at an exercise price of $32.8777 per share. This adjustment was pursuant to the recapitalization provision of the stock option agreement. The stock options granted vest 100% on the fifth anniversary of the date of the grant.

(4) As a result of our IPO, the 20,000 options to purchase shares of Clear Channel Communications' stock at an exercise price of $31.42 were converted to 35,133 options to purchase shares of our Class A common stock at an exercise price of $17.8861. The stock options granted vest 100% on the fifth anniversary of the date of the grant.

(5) As a result of our IPO, the 10,000 and 20,000 options to purchase shares of Clear Channel Communications' stock at an exercise price of $31.42 granted to Ms. Toncheff and Mr. Parry, respectively, were converted to 17,566 and 35,133 options to purchase shares of our Class A common stock at an exercise price of $17.8861. The stock options granted vest 25% on the third and fourth anniversary of the date of the grant, with the remaining 50% of the shares vesting on the fifth anniversary of the date of the grant.

Exercise of Stock Options

The following table sets forth certain information regarding stock options to purchase shares of our Class A common stock exercised by the named executive officers during the year ended December 31, 2005, including the aggregate value of gains on the date of exercise. In addition, the table sets forth the number of shares covered by both exercisable and unexercisable stock options as of December 31, 2005. Also reported are the values of "in the money" options which represent the positive spread between the exercise price of any existing stock options and Clear Channel Outdoor's common stock price as of December 31, 2005.

Aggregated Option Exercises and Fiscal Year-End Option Value Table – Clear Channel Outdoor

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	—	—	-0- / 100,000	-0- / 205,000
Paul J. Meyer (1)	—	—	276,673 / 501,141	-0- / 748,250
Franklin G. Sisson, Jr. (1)	—	—	79,399 / 190,630	-0- / 301,524
Kurt A. Tingey (1)	—	—	59,023 / 134,929	-0- / 215,424
Laura C. Toncheff (1)	—	—	52,875 / 60,362	-0- / 60,561
Roger Parry (1)	—	—	259,117 / 111,988	-0- / 76,024

(1) As a result of our IPO on November 11, 2005, all of the options to purchase shares of Clear Channel Communications, Inc. were converted to options to purchase our Class A common stock.

The following table sets forth certain information regarding stock options to purchase shares of Clear Channel Communications' common stock exercised by the named executive officers during the year ended December 31, 2005, including the aggregate value of gains on the date of exercise. In addition, the table sets forth the number of shares covered by both exercisable and unexercisable stock options as of December 31, 2005. Also reported are the values of "in the money" options which represent the positive spread between the exercise price of any existing stock options and Clear Channel Communications' common stock price as of December 31, 2005.

Aggregated Option Exercises and Fiscal Year-End Option Value Table – Clear Channel Communications

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(1)
Mark P. Mays	—	—	313,341 / 1,021,928	-0- / 248,007
Paul J. Meyer	—	—	-0- / -0-	-0- / -0-
Franklin G. Sisson, Jr.	—	—	-0- / -0-	-0- / -0-
Kurt A. Tingey	—	—	-0- / -0-	-0- / -0-
Laura C. Toncheff	—	—	-0- / -0-	-0- / -0-
Roger Parry	—	—	-0- / -0-	-0- / -0-

(1) All options that remained outstanding after the spin-off of Clear Channel Communications' entertainment division were adjusted pursuant to the recapitalization terms of the options plans. The adjustment was determined using an intrinsic value method. The amounts shown as of December 31, 2005 have been adjusted accordingly.

Director Compensation

We pay our non-employee directors an annual cash retainer of $25,000, an additional $1,500 for each board meeting attended and an additional $1,000 for each Committee meeting attended. 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 pay the chairperson of the Audit Committee and the chairperson of the Compensation Committee an additional annual cash retainer of approximately $10,000 and $5,000, respectively. In November 2005, each non-employee director was granted options to purchase 7,500 shares of our common stock and 5,000 shares of restricted stock. Both awards vest 20% annually over five years.

Employment Agreements

Mark P. Mays has an employment agreement with Clear Channel Communications. Paul J. Meyer has an employment agreement with us. Roger Parry also has an agreement with us. Set forth below are summaries of these agreements.

On March 10, 2005, Clear Channel Communications entered into an amended and restated employment agreement with Mark P. Mays. This agreement amended and restated the existing employment agreement dated October 1, 1999 between Clear Channel Communications and Mr. Mays. The amended and restated agreement has a term of seven years with automatic daily extensions unless Clear Channel Communications or Mr. Mays elects not to extend the agreement. The employment agreement provides for a minimum base salary, subject to review and annual increase by the Compensation Committee of Clear Channel Communications. In addition, the 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 agreement provides for base minimum salaries of $350,000, 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 Mr. Mays. Each option will be exercisable at fair market value at the date of grant for a 10-year period even if Mr. Mays 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.

The executive employment agreement provides for severance and change-in-control payments in the event that Clear Channel Communications terminates the executive's employment without "Cause" or if Mr. Mays 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, at any time that the office of Chairman is held by someone other than himself, L. Lowry Mays or Randall Mays. If Mr. Mays is terminated by Clear Channel Communications without "Cause" or he resigns for "Good Reason" then he 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 him 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 him 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 Mr. Mays is terminated without "Cause" or for "Good Reason," the employment agreement also restricts his 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.

Effective May 27, 2005, Roger Parry and Clear Channel Outdoor entered into a letter agreement pursuant to which Mr. Parry resigned is position as Chief Executive Officer of Clear Channel International. From June 1, 2005 through May 31, 2006, the Company agreed to pay Mr. Parry a base salary of Pound Sterling 37,493.76 per month, and a car allowance of Pound Sterling 3,124.50 per month. In addition, Mr. Parry is eligible to receive a performance based bonus. From June 1, 2005 through May 31, 2006, Mr. Parry will continue to have the right to participate in employee benefit plans as in effect on the effective date of the letter agreement. Beginning on June 1, 2006 through May 31, 2009, Mr. Parry will continue to be employed as a non-executive level employee at a salary of Pound Sterling 2,000.00 per month. After May 31, 2006, Mr. Parry will no longer be eligible to receive bonus compensation. Mr. Parry agreed to certain non-competition covenants during the term of the letter agreement.

Compensation Committee

The Compensation Committee members are Mark P. Mays, who is chairman of the committee and our chief executive officer, Dale W. Tremblay and William D. Parker. The Compensation Committee operates under a written charter adopted by the Board of Directors. The Committee is primarily responsible for administering Clear Channel Outdoor's stock incentive plans, performance-based compensation plans and other incentive compensation plans. Also, the Committee determines compensation arrangements for all of our executive officers and makes recommendations to the Board of Directors concerning compensation policies for us and our subsidiaries.

Compensation Committee Interlocks and Insider Participation

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 serve 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.

Employee Benefit Plans

Our employees currently participate in various incentive, retirement savings, group welfare and other employee benefit plans sponsored by Clear Channel Communications. We are 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 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. It is anticipated our stock will be added to the listing of available investments under the Clear Channel Communications 401(k) plan, but there is no assurance this will occur or continue.

We reimburse Clear Channel Communications for the costs 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. We retain responsibility for employment-related liabilities and obligations with respect to our employees.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Ownership of Common Stock

The following table sets forth information as of March 24, 2006 regarding the beneficial ownership of our common stock by:

- all persons known by us to own beneficially more than 5% of any class of our common stock;
- our chief executive officer and each of the named executive officers in 2005;
- each of our directors;

- and all directors and executive officers as a group.

The following table also sets forth information as of March 24, 2006 regarding the beneficial ownership of Clear Channel Communications common stock by:

- our chief executive officer and each of the named executive officers in 2005;
- each of our directors;
- and all directors and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock issuable upon the exercise of stock options or conversion of other securities held by that person that are currently exercisable or convertible, or are exercisable or convertible within 60 days of March 24, 2006 are deemed to be issued and outstanding. These shares, however, are not deemed outstanding for purposes of computing percentage ownership of each other shareholder. As of March 24, 2006, there were 35,242,211 shares of our Class A common stock, 315,000,000 shares of our Class B common stock outstanding and 505,294,806 shares of common stock of Clear Channel Communications outstanding. The percentages in the table below are based on a total of 35,242,211 shares of our Class A common stock outstanding.

Except for Clear Channel Communications, each of the persons listed below is the beneficial owner of shares of our Class A common stock. Clear Channel Communications is the beneficial owner of all of the outstanding shares of our Class B common stock (representing approximately 90% of the outstanding shares of our common stock and approximately 99% of the total voting power of our common stock) and no shares of our 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 our Class A common stock. Clear Channel Communications has advised us its current intent is to continue to hold all of our Class B common stock owned by it 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 Clear Channel Communications has agreed not to sell, spin off, split off or otherwise dispose of any shares of our common stock prior to May 10, 2006 without the prior written consent of the underwriters of the IPO, subject to certain limitations and limited exceptions. Clear Channel Communications beneficially owns approximately 90% of our outstanding common stock (consisting of 100% of our outstanding shares of Class B common stock and no shares of Class A common stock).

The address of each director and executive officer listed below is c/o Clear Channel Outdoor Holdings, Inc., 200 East Basse Road, San Antonio, Texas 78209.

Name	Number of Shares of the Company's Common Stock	Percent of Shares of the Company's Class A Common Stock	Number of Shares of Clear Channel Communications' Common Stock
L. Lowry Mays	—	—	31,566,109(12)
Mark P. Mays	—	—	2,104,945(13)
Randall T. Mays	—	—	1,717,625(14)
William D. Parker	5,000	*	—
James M. Raines	5,000	*	—
Marsha McCombs Shields	5,000	*	4,755,353(15)
Dale W. Tremblay	5,000	*	—
Paul J. Meyer	324,981(1)	*	21,874
Franklin G. Sisson, Jr.	88,128(2)	*	578
Kurt Tingey	74,828(3)	*	2,398
Laura C. Toncheff	81,030(4)	*	2,116
Clear Channel Communications, Inc	315,000,000	—(5)	
AMVESCAP PLC	1,917,201(6)	5.4%	
Artisan Partners Limited Partnership	3,123,800(7)	8.9%	
AXA Financial, Inc.	1,875,300(8)	5.3%	
FMR Corp.	6,362,000(9)	18.1%	
T. Rowe Price Associates, Inc.	3,039,300(10)	8.6%	
All Directors and Executive Officers as a Group (11 persons)	588,967(11)	1.7%	

* Percentage of shares beneficially owned by such person does not exceed one percent of the class so owned.

(1) Includes 324,981 shares subject to options held by Mr. Meyer.

(2) Includes 87,128 shares subject to options held by Mr. Sisson.

(3) Includes 66,928 shares subject to options held by Mr. Tingey.

(4) Includes 60,780 shares subject to options held by Ms. Toncheff.

(5) Clear Channel Communications does not own any of our Class A common stock. The 315.0 million shares owned by Clear Channel Communications represent 100% of the shares of our Class B common stock.

(6) Information about our Class A common stock owned by AMVESCAP PLC ("AMVESCAP") is based solely on a Schedule 13G filed by AMVESCAP with the SEC on February 13, 2006 reporting share ownership as of December 31, 2005. AMVESCAP's address is 30 Finsbury Square, London EC2A 1AG, England.

(7) Information about our Class A common stock owned by Artisan Partners Limited Partnership ("Artisan") is based solely on a Schedule 13G filed by Artisan with the SEC on January 27, 2006 reporting share ownership as of December 31, 2005. Artisan's address is 875 East Wisconsin Avenue, Suite 800, Milwaukee, WI 53202. Shares are shown as being held by Artisan, Artisan Investment Corporation, which is the general partner of Artisan, and Andrew A. Ziegler and Carlene Murphy Ziegler, who are the principal stockholders of Artisan Corp.

(8) Information about our Class A common stock owned by AXA Financial, Inc. ("AXA") is based solely on a Schedule 13G filed by AXA with the SEC on February 14, 2006 reporting share ownership as of December 31, 2005. AXA's address is 1290 Avenue of the Americas, New York, New York 10104.

(9) Information about our Class A common stock owned by FMR Corp. is based solely on a Schedule 13G filed by FMR Corp with the SEC on February 14, 2006 reporting share ownership as of December 31, 2005. FMR Corp's address is 82 Devonshire Street, Boston, Massachusetts 02109.

(10) Information about our Class A common stock owned by T. Rowe Price Associates, Inc. ("Price Associates") is based solely on a letter from Price Associates dated February 14, 2006 and a Schedule 13G filed by Price Associates with the SEC on February 13, 2006 reporting share ownership as of December 31, 2005. Price Associates' address is 100 R. Pratt Street, Baltimore, Maryland 21202. These securities are owned by various individual and institutional investors which Price Associates serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities.

(11) Includes 539,981 shares subject to options held by such persons.

(12) Includes 2,994,525 shares of Clear Channel Communications subject to options held by Mr. L. Mays, 48,456 shares of Clear Channel Communications held by trusts of which Mr. L. Mays is the trustee, but not a beneficiary, 26,801,698 shares of Clear Channel Communications held by the LLM Partners Ltd of which Mr. L. Mays shares control of the sole general partner, 1,532,120 shares of Clear Channel Communications held by the Mays Family Foundation and 102,874 shares of Clear Channel Communications held by the Clear Channel Foundation over which Mr. L. Mays has either sole or shared investment or voting authority.

(13) Includes 496,124 shares of Clear Channel Communications subject to options held by Mr. M. Mays, 156,252 shares of Clear Channel Communications held by trusts of which Mr. M. Mays is the trustee, but not a beneficiary, and 1,022,293 shares of Clear Channel Communications held by the MPM Partners, Ltd. Mr. M. Mays controls the sole general partner of MPM Partners, Ltd. Also includes 6,570 shares and 1,030 shares, which represent shares in LLM Partners.

(14) Includes 496,124 shares of Clear Channel Communications subject to options held by Mr. R. Mays, 168,228 shares of Clear Channel Communications held by trusts of which Mr. R. Mays is the trustee, but not a beneficiary, and 622,575 shares of Clear Channel Communications held by RTM Partners, Ltd. Mr. R. Mays controls the sole general partner of RTM Partners, Ltd. Also includes 4,380 shares and 1,030 shares, which represent shares in LLM Partners.

(15) Includes 2,080,573 shares of Clear Channel Communications held by Mc Combs Family Ltd. and 2,674,780 shares of Clear Channel Communications held by a Foundation over each of which Ms. Shields has either sole or shared investment or voting authority.

Equity Compensation Plans

The following table summarizes information, as of December 31, 2005, relating to the Company's equity compensation plans pursuant to which grants of options, restricted stock or other rights to acquire shares may be granted from time to time.

Plan category	Number of securities to be issued upon exercise price of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	—	$ —	—
Equity compensation plans not approved by security holders (1)	8,509,177	$24.05	33,254,004
Total	8,509,177	$24.05	33,254,004

(1) This plan is the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan, included with the exhibits to this Annual Report.

ITEM 13. Certain Relationships and Related Transactions

Each of Mark P. Mays, Randall T. Mays and L. Lowry Mays, our current directors, is an executive officer of Clear Channel Communications. We currently have issued one intercompany note to Clear Channel Communications in the aggregate principal amount of approximately $2.5 billion, which represents in excess of five percent of our total consolidated assets at December 31, 2005. Marsha McCombs Shields, one of our directors, is the daughter of 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 incorporated by reference as exhibits to this Annual Report.

Relationship with Clear Channel Communications

Clear Channel Communications owns all of our outstanding shares of Class B common stock, representing approximately 90% of the outstanding shares of our common stock and approximately 99% 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 has the power to determine or significantly influence the outcome of matters submitted to a vote of our shareholders, has the power to prevent a change in control of us and could take other actions that might be favorable to Clear Channel Communications.

Prior to the IPO, we entered 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 shareholder in us. These agreements govern our relationship with Clear Channel Communications and 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 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 Annual Report as exhibits. We encourage you to read each agreement in its entirety for a more complete description of the terms and conditions of each agreement.

Master Agreement

Prior to the IPO, we entered into a master agreement with Clear Channel Communications. In this Annual Report, we refer to this agreement as the Master Agreement. The Master Agreement sets forth our agreements with Clear Channel Communications regarding the principal transactions that were 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 sets forth other agreements governing our relationship after the separation.

The Transfers

To effect the separation, Clear Channel Communications transferred, or caused to be transferred, to us the assets related to our businesses not owned by us. We or our subsidiaries assumed and agreed to perform, discharge and fulfill the liabilities related to our businesses for which Clear Channel Communications or its affiliates were

obligated (which, in the case of tax liabilities, is governed by the Tax Matters Agreement described below). With respect to any governmental approval or other consent required to transfer any assets to us or for us to assume any liabilities that was not obtained prior to the completion of the IPO, we agreed with Clear Channel Communications that such transfer or assumption would be deferred until the necessary approvals or consents are obtained. Clear Channel Communications agreed to continue to hold any such assets and be responsible for the liabilities for our benefit and at our expense until the necessary approvals or consents are obtained.

Similarly, we transferred, or caused to be transferred, to Clear Channel Communications the assets related to its business that were owned by us. Clear Channel Communications assumed from us and agreed to perform, discharge and fulfill the liabilities related to its business for which we were obligated.

Except as expressly set forth in the Master Agreement or in any other transaction document, neither we nor Clear Channel Communications made 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 were transferred on an "as is," "where is" basis, and we and our subsidiaries agreed 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 also provides 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 also agreed 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 agreed to 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 the IPO. The releases do not extend to obligations or liabilities under any agreements between Clear Channel Communications and us that remain in effect following the separation.

We agree to 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 the IPO, 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 agrees to 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 the IPO, 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 also specifies procedures with respect to claims subject to indemnification and related matters and provides 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 paid or reimbursed us for all out-of-pocket fees, costs and expenses (including all legal, accounting and printing expenses) incurred prior to the completion of the IPO in connection with our separation from Clear Channel Communications, except that we were responsible for fees and expenses attributable to the IPO.

Dispute Resolution Procedures

We agreed 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 contains 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.

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, 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, shareholder action by written consent, shareholder 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 entered into a corporate services agreement with Clear Channel Communications prior to the completion of the IPO to provide us certain administrative and support services and other assistance in the United States consistent with the services provided to us before the IPO. In this Annual Report, we refer to this agreement as the Corporate Services Agreement. The services Clear Channel Communications provides 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 is 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 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 requires Clear Channel Communications to continue to make available to us the range of services provided by Clear Channel Communications prior to the IPO, as qualified by such agreement, and requires 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 requires 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, Clear Channel Communications will make available to us, and we will be obligated to utilize, the services of the chief executive officer of Clear Channel Communications, currently Mark P. Mays, to serve as our Chief Executive Officer, and the chief financial officer of Clear Channel Communications, currently Randall T. Mays, to serve as our Chief Financial Officer. Our obligation to utilize the services of each of the chief executive officer and chief financial officer of Clear Channel Communications in these capacities will continue until Clear Channel Communications owns less than 50% of the voting power of our common stock or we provide Clear Channel Communications with six months prior written notice of termination. 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 is employed by Clear Channel Communications, and spends a substantial part of his professional time and effort on behalf of Clear Channel Communications. In addition, both Mark and Randall Mays serve as directors of Live Nation, Inc., which was the entertainment business of Clear Channel Communications prior to being spun off by Clear Channel Communications to its shareholders. We have not established any minimum time requirements for such officers. In addition, Mark and Randall Mays continue to participate in Clear Channel Communications' stock incentive and other benefits plans and 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 shareholders, and may create conflicts of interest described under "1A. Risk Factors — Risks Related to Our Relationship with Clear Channel Communications."

Registration Rights Agreement

We entered into a registration rights agreement with Clear Channel Communications prior to the completion of the IPO to provide Clear Channel Communications with registration rights relating to shares of our outstanding common stock held by Clear Channel Communications after the IPO. In this Annual Report, 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 related to the IPO;
- 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 the IPO 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 shareholders, 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 the IPO, 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 shareholders. 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 sets 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 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

We and certain of our eligible corporate subsidiaries 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 a combined, consolidated or unitary group with Clear Channel Communications or one or more of its subsidiaries for certain state and local income tax purposes. Prior to the completion of the IPO, we and Clear Channel Communications entered 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 Annual Report, we refer to this agreement as the Tax Matters Agreement.

With respect to tax returns in which we or any of our subsidiaries are included in a combined, consolidated or unitary group with Clear Channel Communications or any of its subsidiaries for federal, state or local tax purposes, 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 such group filed a separate tax return. We will also reimburse Clear Channel Communications for the amount of any taxes paid by it on our behalf with respect to tax returns that include only us or any of our subsidiaries for federal, state or local tax purposes, which tax 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 a tax return is filed on a combined, consolidated or unitary basis for federal, state or local tax purposes, 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 federal, state and local income taxes, has sole and exclusive responsibility for the preparation and filing of all tax returns (or amended returns) related to such taxes and has 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 with respect to such taxes. 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 is 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 state and local tax purposes. Accordingly, although the Tax Matters Agreement allocates tax liabilities between Clear Channel Communications and us during the period in which we or any of our subsidiaries are 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 provides, 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 shareholders 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 Annual Report, we refer to this agreement as the

Employee Matters Agreement. In general, with certain exceptions, our employees 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 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 have our own stock incentive and annual incentive plans in place for our employees. Our employees who participated in the Clear Channel Communications Annual Incentive Compensation Plan continued their participation through the end of 2005, pursuant to the performance-based awards previously made to them. We made 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.

Trademarks

Prior to the completion of the IPO, we amended and restate a trademark license agreement that entitles 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 Annual Report, we refer to this agreement as the Trademark License Agreement. Our use of the marks is subject to Clear Channel Communications' approval. Clear Channel Communications may terminate our use of the marks in certain circumstances, including (i) a breach by us of a term or condition of the Master Agreement, the Corporate Services Agreement, the Tax Matters Agreement or the Employee Matters 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, 2005, 2004 and 2003, we recorded $14.8 million, $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. 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, Americas 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 2005, we estimated that these discounted revenues would have been less than 2% of our Americas revenues. Under the Master Agreement, this policy will continue.

Intercompany Notes

We currently have issued one intercompany note to Clear Channel Communications in the total original principal amount of $2.5 billion. See “Item 7. Managements Discussion and Analysis of Financial Condition and Results of Operations.”

ITEM 14. Principal Accountant Fees and Services

Ernst & Young LLP billed Clear Channel the following fees for services provided during the year ended December 31, 2005:

(in thousands)	
Annual audit fees (1)	$ 556
Audit-related fees	—
Tax fees	—
All other fees	—
	$ 556

(1) Annual audit fees are for incremental professional services rendered for the audit of our stand-alone annual financial statements and reviews of stand-alone quarterly financial statements. This category also includes incremental assistance with and review of documents filed with the SEC, attest services, work done by tax professionals in connection with the audit or quarterly reviews, and accounting consultations and research work necessary to comply with generally accepted auditing standards. These fees are in addition to the fees paid by Clear Channel Communications for professional services rendered on behalf of the consolidated company. During 2005, Clear Channel Communications allocated approximately $6.0 million of its consolidated audit fees to us.

The Audit Committee pre-approves all audit and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The chairperson of the Audit Committee may represent the entire Committee for the purposes of pre-approving permissible non-audit services, provided the decision to pre-approve any service is disclosed to the Audit Committee no later than its next scheduled meeting.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a)1. Financial Statements.

The following consolidated financial statements are included in Item 8.

Consolidated and Combined Balance Sheets as of December 31, 2005 and 2004

Consolidated and Combined Statements of Operations for the Years Ended December 31, 2005, 2004 and 2003

Consolidated and Combined Statements of Changes in Shareholders'/Owner's Equity for the Years Ended December 31, 2005, 2004 and 2003

Consolidated and Combined Statements of Cash Flows for the Years Ended December 31, 2005, 2004 and 2003

Notes to Consolidated and Combined Financial Statements

(a)2. Financial Statement Schedule.

The following financial statement schedule for the years ended December 31, 2005, 2004 and 2003 is filed as part of this Annual Report and should be read in conjunction with the consolidated and combined financial statements.

Schedule II Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

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, 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
Year ended December 31, 2005	$ 19,487	$ 11,583	$ 7,505	$ (1,866)	$ 21,699

(1) Foreign currency adjustments.

(a)3. Exhibits.

Exhibit Number	Description
3.1*	Amended and Restated Certificate of Incorporation of Clear Channel Outdoor Holdings, Inc.
3.2*	Amended and Restated Bylaws of the Clear Channel Outdoor Holdings, Inc.
4.1	Form of Specimen Class A Common Stock certificate of Clear Channel Outdoor Holdings, Inc. (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-1 (File No. 333-333-127375 (the "Registration Statement"))
4.2	Form of Specimen Class B Common Stock certificate of Clear Channel Outdoor Holdings, Inc. (incorporated herein by reference to Exhibit 4.2 to the Registration Statement)
10.1*	Master Agreement dated November 16, 2005 between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.2*	Registration Rights Agreement dated November 16, 2005 between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.3*	Corporate Services Agreement dated November 16, 2005 between Clear Channel Outdoor Holdings, Inc. and Clear Channel Management Services, L.P.
10.4*	Tax Matters Agreement dated November 10, 2005 by and between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.5*	Employee Matters Agreement dated November 10, 2005 between Clear Channel Outdoor Holdings, Inc. and Clear Channel Communications, Inc.
10.6*	Amended and Restated License Agreement dated November 10, 2005 between Clear Channel Identity, L.P. and Outdoor Management Services, Inc.
10.7*	Revolving Promissory Note dated November 10, 2005 payable by Clear Channel Outdoor Holdings, Inc. to Clear Channel Communications, Inc. in the original principal amount of $1,000,000,000.
10.8*	Revolving Promissory Note dated November 10, 2005 payable by Clear Channel Communications, Inc. to Clear Channel Outdoor Holdings, Inc. in the original principal amount of $1,000,000,000.
10.9	Senior Unsecured Term Promissory Note dated August 2, 2005 in the original principal amount of $2.5 billion (incorporated herein by reference to Exhibit 10.9 to the Registration Statement)
10.10	First Amendment to Senior Unsecured Term Promissory Note dated October 7, 2005 (incorporated herein by reference to Exhibit 10.10 to the Registration Statement)
10.11§	Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed December 9, 2005 (File No. 333-130229))
10.12§	Form of Option Agreement under the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Registration Statement on Form S-8 filed December 9, 2005 (File No. 333-130229))
10.13	Form of Restricted Stock Award Agreement under the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Registration Statement on Form S-8 filed December 9, 2005 (File No. 333-130229))

Exhibit Number	Description
10.14§	2006 Annual Incentive Plan of Clear Channel Outdoor Holdings, Inc. (incorporated herein by reference to Exhibit 10.12 to the Registration Statement)
10.15§	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 (File No. 1-9645) filed March 11, 2005)
10.16§	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 (File No. 1-9645) filed March 11, 2005)
10.17§	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 (File No. 1-9645) filed August 10, 2005)
11*	Statement re: Computation of Per Share Earnings.
21*	Subsidiaries of Clear Channel Outdoor Holdings, Inc.
23.1*	Consent of Ernst & Young LLP.
24*	Power of Attorney (included on signature page).
31.1*	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

§ Management contract or compensatory plan or arrangement

The Company has not filed long-term debt instruments of its subsidiaries where the total amount under such instruments is less than ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. However, the Company will furnish a copy of such instruments to the Commission upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 29, 2006.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /S/ Mark P. Mays
Mark P. Mays
Chief Executive Officer

Power of Attorney

Each person whose signature appears below authorizes Mark P. Mays and Randall T. Mays, or any one of them, each of whom may act without joinder of the others, to execute in the name of each such person who is then an officer or director of the Registrant and to file any amendments to this annual report on Form 10-K necessary or advisable to enable the Registrant to comply with the Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, which amendments may make such changes in such report as such attorney-in-fact may deem appropriate.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
/S/ L. Lowry Mays L. Lowry Mays	Chairman of the Board and Director	March 29, 2006
/S/ Mark P. Mays Mark P. Mays	Chief Executive Officer and Director (Principal Executive Officer)	March 29, 2006
/S/ Randall T. Mays Randall T. Mays	Chief Financial Officer and Director (Principal Financial and Accounting Officer)	March 29, 2006
/S/ William D. Parker William D. Parker	Director	March 29, 2006
/S/ James M. Raines James M. Raines	Director	March 29, 2006
/S/ Marsha McCombs Shields Marsha McCombs Shields	Director	March 29, 2006
/S/ Dale W. Tremblay Dale W. Tremblay	Director	March 29, 2006

Exhibit Index

Exhibit Number	Description
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3.2*	Amended and Restated Bylaws of the Clear Channel Outdoor Holdings, Inc.
4.1	Form of Specimen Class A Common Stock certificate of Clear Channel Outdoor Holdings, Inc. (incorporated herein by reference to Exhibit 4.1 to the Registration Statement on Form S-1 (File No. 333-333-127375 (the "Registration Statement"))
4.2	Form of Specimen Class B Common Stock certificate of Clear Channel Outdoor Holdings, Inc. (incorporated herein by reference to Exhibit 4.2 to the Registration Statement)
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* Filed herewith

§ Management contract or compensatory plan or arrangement

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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 August 2, 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, 2711 Centerville Road, Suite 400, Wilmington, County of New Castle, Delaware 19808. 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 One Billion Five Hundred Million (1,500,000,000) shares of capital stock, of which (1) Seven Hundred Fifty Million (750,000,000) shares shall be shares of Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), (2) Six Hundred Million (600,000,000) 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) One Hundred Fifty Million (150,000,000) 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 Randall T. Mays, its Executive Vice President, this 9th day of November, 2005.

/s/Randall T. Mays

Randall T. Mays
Executive Vice President

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 November 16, 2005

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MASTER AGREEMENT

This MASTER AGREEMENT, dated November 16, 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 contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Outdoor Group;

(b) any contract or agreement, including any joint venture agreement, that is used exclusively or held for use exclusively in the Outdoor Business;

(c) 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

(d) 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.

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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)
CCU Indemnified Parties	5.2
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Term	Section
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Excluded Assets	2.2(b)
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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)
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Third Party Claim	5.7(a)
Trademark License Agreement	3.2(b)(v)
Transaction Documents	3.2(b)
Transfer Documents	2.9(a)(iii)

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. 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) all 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 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) all 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; and

(iii) 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) 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);

(iv) 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;

(v) 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

(vi) 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.

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 $419.8 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 $442.9 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 toSections 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) except to the extent it relates to an Excluded Liability, any 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. 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.

(i) 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 No Violations.

(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").

(b) 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(b).

(c) 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.

(d) 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.

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, 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.
200 E. Basse Road
San Antonio, Texas 78209
Attn: Chief Executive Officer
Fax: (210) 822-2299

If to any member of the Outdoor Group, to:

Clear Channel Outdoor Holdings, Inc.
2850 E. Camelback Road
Phoenix, Arizona 85016
Attention: President
Fax: (602) 957-8602

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: /s/ Mark P. Mays
Name: Mark P. Mays
Title: President and Chief Executive Officer

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /s/ Paul J. Meyer
Name: Paul J. Meyer
Title: President and Chief Operating Officer

Exhibit 10.2

REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of November 16, 2005, is entered into by and between Clear Channel Outdoor Holdings, Inc., a Delaware corporation (including its successors, the "Company"), and Clear Channel Communications, Inc., a Texas corporation ("CCU").

RECITALS

WHEREAS, the Company and CCU are parties to that certain Master Agreement dated as of November 16, 2005 (the "Master Agreement");

WHEREAS, pursuant to the Company's Amended and Restated Certificate of Incorporation, the Class B common stock, par value $.01 per share ("Class B Common Stock"), may be owned only by CCU, its affiliates and certain other Persons described therein, and any purported sale, transfer or other disposition of shares of Class B Common Stock to any other Person will result in the automatic conversion of such transferred shares into shares of the Company's Class A common stock, par value $.01 per share ("Class A Common Stock" and, together with the Class B Common Stock, the "Common Stock");

WHEREAS, the Company has filed and obtained the effectiveness of a Registration Statement with the Securities and Exchange Commission on Form S-1 (the "Registration Statement") in connection with the initial public offering (the "IPO") of shares of its Class A Common Stock; and

WHEREAS, the Company has agreed to provide CCU with the registration rights specified in this Agreement following the IPO with respect to any shares of Common Stock held by CCU or any other Holder on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in the Master Agreement. The following terms shall have the meanings set forth in this Section 1.1:

"Exchange Act" means the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations promulgated by the SEC thereunder.

"Excluded Registration" means a registration under the Securities Act of (i) securities pursuant to one or more Demand Registrations pursuant toSection 2 hereof, (ii) securities

registered on Form S-8 or any similar successor form, and (iii) securities registered to effect the acquisition of, or combination with, another Person.

"Holder" means (i) CCU and (ii) any direct or indirect transferee of CCU who shall become a party to this Agreement in accordance withSection 2.9 and has agreed in writing to be bound by the terms of this Agreement.

"Person" or "persons" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof.

"Register," "registered" and "registration" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"Registrable Shares" means the Common Stock owned by the Holders, whether owned on the date hereof or acquired hereafter; provided, however, that shares of Common Stock that, pursuant to Section 3.1, no longer have registration rights hereunder shall not be considered Registrable Shares.

"Requesting Holders" shall mean any Holder(s) requesting to have its (their) Registrable Shares included in any Demand Registration or Shelf Registration.

"SEC" means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations promulgated by the SEC thereunder.

1.2 Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the section or agreement indicated.

Term	Section
Adverse Effect	Section 2.1.5
Advice	Section 2.6
Affiliate	Master Agreement
Agreement	Introductory Paragraph
CCU	Introductory Paragraph
Class A Common Stock	Recitals
Class B Common Stock	Recitals
Common Stock	Recitals
Company	Introductory Paragraph
Demand Registration	Section 2.1.1(a)
Demanding Shareholders	Section 2.1.1(a)
Demand Request	Section 2.1.1(a)
Inspectors	Section 2.5(xiii)
IPO	Recitals
Master Agreement	Recitals

Term	Section
NASD	Section 2.5(q)
No-Black-Out Period	Section 2.1.6(b)
Piggyback Registration	Section 2.2.1
Records	Section 2.5(xiii)
Registration Statement	Recitals
Required Filing Date	Section 2.1.1(b)
Seller Affiliates	Section 2.8.1
Shelf Registration	Section 2.1.2
Suspension Notice	Section 2.6

1.3 Rules of Construction. Unless the context otherwise requires

(1) a term has the meaning assigned to it;

(2) "or" is not exclusive;

(3) words in the singular include the plural, and words in the plural include the singular;

(4) provisions apply to successive events and transactions; and

(5) "herein," "hereof" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

ARTICLE 2

REGISTRATION RIGHTS

2.1 Demand Registration.

2.1.1 Request for Registration.

(a) Commencing on the date hereof, any Holder or Holders of Registrable Shares shall have the right to require the Company to file a registration statement on Form S-1, S-2 or S-3 or any similar or successor to such forms under the Securities Act for a public offering of all or part of its or their Registrable Shares (a "Demand Registration"), by delivering to the Company written notice stating that such right is being exercised, naming, if applicable, the Holders whose Registrable Shares are to be included in such registration (collectively, the "Demanding Shareholders"), specifying the number of each such Demanding Shareholder's Registrable Shares to be included in such registration and, subject to Section 2.1.3 hereof, describing the intended method of distribution thereof (a "Demand Request"). The IPO Registration Statement shall not constitute a Demand Registration for any purpose under this Agreement.

(b) Each Demand Request shall specify the aggregate number of Registrable Shares proposed to be sold. Subject to Section 2.1.6, the Company shall file the

registration statement in respect of a Demand Registration as soon as practicable and, in any event, within forty-five (45) days after receiving a Demand Request (the "Required Filing Date") and shall use reasonable best efforts to cause the same to be declared effective by the SEC as promptly as practicable after such filing; provided, however, that:

(i) the Company shall not be obligated to effect a Demand Registration pursuant to Section 2.1.1(a) (A) within 60 days after the effective date of a previous Demand Registration, other than a Shelf Registration pursuant to this Article 2, or (B) within 180 days after the effective date of the IPO Registration Statement;

(ii) the Company shall not be obligated to effect a Demand Registration pursuant to Section 2.1.1(a) unless the Demand Request is for a number of Registrable Shares with a market value that is equal to at least $150 million as of the date of such Demand Request; and

(iii) the Company shall not be obligated to effect pursuant to Section 2.1.1(a) (A) more than two Demand Registrations during the first 12 months following the date hereof or (B) more than three Demand Registrations during any 12-month period thereafter.

2.1.2 Shelf Registration. With respect to any Demand Registration, the Requesting Holders may request the Company to effect a registration of the Common Stock under a registration statement pursuant to Rule 415 under the Securities Act (or any successor rule) (a "Shelf Registration").

2.1.3 Selection of Underwriters. At the request of a majority of the Requesting Holders, the offering of Registrable Shares pursuant to a Demand Registration shall be in the form of a "firm commitment" underwritten offering. The Holders of a majority of the Registrable Shares to be registered in a Demand Registration shall select the investment banking firm or firms to manage the underwritten offering, provided that such selection shall be subject to the consent of the Company, which consent shall not be unreasonably withheld or delayed. No Holder may participate in any registration pursuant to Section 2.1.1 unless such Holder (x) agrees to sell such Holder's Registrable Shares on the basis provided in any underwriting arrangements described above and (y) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements; provided, however, that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (a) such Holder's ownership of his or its Registrable Shares to be transferred free and clear of all liens, claims, and encumbrances, (b) such Holder's power and authority to effect such transfer, and (c) such matters pertaining to compliance with securities laws as may be reasonably requested; provided, further, however, that the obligation of such Holder to indemnify pursuant to any such underwriting arrangements shall be several, not joint and several, among such Holders selling Registrable Shares, and the liability of each such Holder will be in proportion

thereto, and provided, further, that such liability will be limited to the net amount received by such Holder from the sale of his or its Registrable Shares pursuant to such registration.

2.1.4 Rights of Nonrequesting Holders. Upon receipt of any Demand Request, the Company shall promptly (but in any event within ten (10) days) give written notice of such proposed Demand Registration to all other Holders, who shall have the right, exercisable by written notice to the Company within twenty (20) days of their receipt of the Company's notice, to elect to include in such Demand Registration such portion of their Registrable Shares as they may request. All Holders requesting to have their Registrable Shares included in a Demand Registration in accordance with the preceding sentence shall be deemed to be "Requesting Holders" for purposes of this Section 2.1.

2.1.5 Priority on Demand Registrations. No securities to be sold for the account of any Person (including the Company) other than a Requesting Holder shall be included in a Demand Registration unless the managing underwriter or underwriters shall advise the Requesting Holders in writing that the inclusion of such securities will not adversely affect the price, timing or distribution of the offering or otherwise adversely affect its success (an "Adverse Effect"). Furthermore, if the managing underwriter or underwriters shall advise the Requesting Holders that, even after exclusion of all securities of other Persons pursuant to the immediately preceding sentence, the amount of Registrable Shares proposed to be included in such Demand Registration by Requesting Holders is sufficiently large to cause an Adverse Effect, the Registrable Shares of the Requesting Holders to be included in such Demand Registration shall equal the number of shares which the Requesting Holders are so advised can be sold in such offering without an Adverse Effect and such shares shall be allocated pro rata among the Requesting Holders on the basis of the number of Registrable Shares requested to be included in such registration by each such Requesting Holder.

2.1.6 Deferral of Filing.

(a) The Company may defer the filing (but not the preparation) of a registration statement required by Section 2.1 until a date not later than ninety (90) days after the Required Filing Date if (i) at the time the Company receives the Demand Request, the Company or any of its Subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the board of directors of the Company or a committee of the board of directors of the Company determines in good faith that such disclosure would be materially detrimental to the Company and its shareholders, or (ii) prior to receiving the Demand Request, the Company had determined to effect a registered underwritten public offering of the Company's securities for the Company's account and the Company had taken substantial steps (including, but not limited to, selecting a managing underwriter for such offering) and is proceeding with reasonable diligence to effect such offering. A deferral of the filing of a registration statement pursuant to this Section 2.1.6 shall be lifted, and the requested registration statement shall be filed

immediately, if, in the case of a deferral pursuant to clause (i) of the preceding sentence, the negotiations or other activities are disclosed or terminated, or, in the case of a deferral pursuant to clause (ii) of the preceding sentence, the proposed registration for the Company's account is abandoned. In order to defer the filing of a registration statement pursuant to this Section 2.1.6, the Company shall promptly (but in any event within ten (10) days), upon determining to seek such deferral, deliver to each Requesting Holder a certificate signed by an executive officer of the Company stating that the Company is deferring such filing pursuant to this Section 2.1.6 and a general statement of the reason for such deferral and an approximation of the anticipated delay. Within twenty (20) days after receiving such certificate, the holders of a majority of the Registrable Shares held by the Requesting Holders and for which registration was previously requested may withdraw such Demand Request by giving notice to the Company; if withdrawn, the Demand Request shall be deemed not to have been made for all purposes of this Agreement. The Company may defer the filing of a particular registration statement pursuant to this Section 2.1.6(a) only once.

(b) Notwithstanding Section 2.1.6(a), with respect to two Demand Registrations only, if CCU or any Affiliate thereof makes a request for any such Demand Registration, the Company shall not have the right under Section 2.1.6(a) to defer the filing of such registration or to not file such registration statement during the period from and including the date of this Agreement through and including the second anniversary thereof (the "No-Black-Out Period").

2.2 Piggyback Registrations.

2.2.1 Right to Piggyback. Each time the Company proposes to register any of its equity securities (other than pursuant to an Excluded Registration or the IPO Registration) under the Securities Act for sale to the public (whether for the account of the Company or the account of any security holder of the Company) (a "Piggyback Registration"), the Company shall give prompt written notice to each Holder of Registrable Shares (which notice shall be given not less than twenty (20) days prior to the anticipated filing date of the Company's registration statement), which notice shall offer each such Holder the opportunity to include any or all of its Registrable Shares in such registration statement, subject to the limitations contained in Section 2.2.2 hereof. Each Holder who desires to have its Registrable Shares included in such registration statement shall so advise the Company in writing (stating the number of shares desired to be registered) within ten (10) days after the date of such notice from the Company. Any Holder shall have the right to withdraw such Holder's request for inclusion of such Holder's Registrable Shares in any registration statement pursuant to this Section 2.2.1 by giving written notice to the Company of such withdrawal. Subject to Section 2.2.2 below, the Company shall include in such registration statement all such Registrable Shares so requested to be included therein; provided, however, that the Company may at any time withdraw or cease proceeding with any such registration if it shall at the same time withdraw or cease proceeding with the registration of all other equity securities originally proposed to be registered.

2.2.2 Priority on Piggyback Registrations.

(a) If a Piggyback Registration is an underwritten offering and was initiated by the Company, and if the managing underwriter advises the Company that the inclusion of Registrable Shares requested to be included in the Registration Statement would cause an Adverse Effect, the Company shall include in such registration statement (i) first, the securities the Company proposes to sell, (ii) second, the Registrable Shares requested to be included in such registration, pro rata among the Holders of such Registrable Shares on the basis of the number of Registrable Shares owned by each such Holder, and (iii) third, any other securities requested to be included in such registration. If as a result of the provisions of this Section 2.2.2(a) any Holder shall not be entitled to include all Registrable Shares in a registration that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Shares in such registration statement.

(b) If a Piggyback Registration is an underwritten offering and was initiated by a security holder of the Company, and if the managing underwriter advises the Company that the inclusion of Registrable Shares requested to be included in the Registration Statement would cause an Adverse Effect, the Company shall include in such registration statement (i) first, the securities requested to be included therein by the security holders requesting such registration and the Registrable Shares requested to be included in such registration, pro rata among the holders of such securities on the basis of the number of securities owned by each such holder, and (ii) second, any other securities requested to be included in such registration (including securities to be sold for the account of the Company). If as a result of the provisions of this Section 2.2.2(b) any Holder shall not be entitled to include all Registrable Shares in a registration that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Shares in such registration statement.

(c) No Holder may participate in any registration statement in respect of a Piggyback Registration hereunder unless such Holder (x) agrees to sell such Holder's Registrable Shares on the basis provided in any underwriting arrangements approved by the Company and (y) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents, each in customary form, reasonably required under the terms of such underwriting arrangements; provided, however, that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (i) such Holder's ownership of his or its Registrable Shares to be sold or transferred free and clear of all liens, claims, and encumbrances, (ii) such Holder's power and authority to effect such transfer, and (iii) such matters pertaining to compliance with securities laws as may be reasonably requested; provided, further, however, that the obligation of such Holder to indemnify pursuant to any such underwriting arrangements shall be several, not joint and several, among such Holders selling Registrable Shares, and the liability of each such Holder will be in proportion to,

and provided, further, that such liability will be limited to, the net amount received by such Holder from the sale of his or its Registrable Shares pursuant to such registration.

2.2.3 Selection of Underwriters. If any Piggyback Registration is an underwritten offering and any of the investment banking firms selected to manage the offering was not one of the managers of the IPO, any such investment banking firm shall not administer such offering if the Holders of a majority of the Registrable Shares included in such Piggyback Registration are CCU or Affiliates thereof and such Holders reasonably object thereto.

2.3 SEC Form S-3. The Company shall use its commercially reasonable best efforts to cause Demand Registrations to be registered on Form S-3 (or any successor form) once the Company becomes eligible to use Form S-3, and if the Company is not then eligible under the Securities Act to use Form S-3, Demand Registrations shall be registered on the form for which the Company then qualifies. The Company shall use its commercially reasonable best efforts to become eligible to use Form S-3 and, after becoming eligible to use Form S-3, shall use its commercially reasonable best efforts to remain so eligible.

2.4 Holdback Agreements.

2.4.1 The Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to and during the 90-day period beginning on the effective date of any registration statement in connection with a Demand Registration (other than a Shelf Registration) or a Piggyback Registration, except pursuant to registrations on Form S-4 or Form S-8 or any successor form or unless the underwriters managing any such public offering otherwise agree.

2.4.2 Except with the prior written consent of the Holders of a majority of the Registrable Shares, such consent not to be withheld unless any such Holder intends to, or in good faith believes that it is reasonably likely to, request a Demand Registration that could reasonably be expected to be in registration or become effective during the No-Black-Out Period, the Company shall not file during the No-Black-Out Period any registration statement (except as part of a Demand Registration or pursuant to registrations on Forms S-4 or S-8 or any successor forms) relating to the public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities.

2.4.3 If any Holders of Registrable Shares notify the Company in writing that they intend to effect an underwritten sale of Common Stock registered pursuant to a Shelf Registration pursuant to Article 2 hereof, the Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for its equity securities, during the seven days prior to and during the 90-day period beginning on the date such notice is received, except pursuant to registrations on Form S-4 or Form S-8 or any successor form or unless the underwriters managing any such public offering otherwise agree.

2.4.4 Each Holder agrees, in the event of an underwritten offering by the Company (whether for the account of the Company or otherwise), not to offer, sell, contract to sell or otherwise dispose of any Registrable Securities, or any securities convertible into or exchangeable or exercisable for such securities, including any sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten offering), during the seven days prior to, and during the 90-day period (or such lesser period as the lead or managing underwriters may require) beginning on, the effective date of the registration statement for such underwritten offering (or, in the case of an offering pursuant to an effective shelf registration statement pursuant to Rule 415, the pricing date for such underwritten offering).

2.5 Registration Procedures. Whenever any Holder has requested that any Registrable Shares be registered pursuant to this Agreement, the Company will use its commercially reasonable best efforts to effect the registration and the sale of such Registrable Shares in accordance with the intended method of disposition thereof as promptly as is practicable, and pursuant thereto the Company will as expeditiously as possible:

(a) prepare and file with the SEC, pursuant to Section 2.1.1(b) with respect to any Demand Registration, a registration statement on any appropriate form under the Securities Act with respect to such Registrable Shares and use its commercially reasonable best efforts to cause such registration statement to become effective, provided that as far in advance as practicable before filing such registration statement or any amendment thereto, the Company will furnish to the selling Holders copies of reasonably complete drafts of all such documents prepared to be filed (including exhibits), and any such Holder shall have the opportunity to object to any information contained therein and the Company will make corrections reasonably requested by such Holder with respect to such information prior to filing any such registration statement or amendment;

(b) except in the case of a Shelf Registration, prepare and file with the SEC such amendments, post-effective amendments, and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than one hundred eighty (180) days (or such lesser period as is necessary for the underwriters in an underwritten offering to sell unsold allotments) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(c) in the case of a Shelf Registration, prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares subject thereto for a period ending on the earlier of (x) 24 months after the effective date of such registration

statement and (y) the date on which all the Registrable Shares subject thereto have been sold pursuant to such registration statement;

(d) furnish to each seller of Registrable Shares and the underwriters of the securities being registered such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), any documents incorporated by reference therein and such other documents as such seller or underwriters may reasonably request in order to facilitate the disposition of the Registrable Shares owned by such seller or the sale of such securities by such underwriters (it being understood that, subject to Section 2.6 and the requirements of the Securities Act and applicable state securities laws, the Company consents to the use of the prospectus and any amendment or supplement thereto by each seller and the underwriters in connection with the offering and sale of the Registrable Shares covered by the registration statement of which such prospectus, amendment or supplement is a part);

(e) use its commercially reasonable best efforts to register or qualify such Registrable Shares under such other securities or blue sky laws of such jurisdictions as the managing underwriter reasonably requests (or, in the event the registration statement does not relate to an underwritten offering, as the holders of a majority of such Registrable Shares may reasonably request); use its commercially reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period in which such registration statement is required to be kept effective; and do any and all other acts and things which may be reasonably necessary or advisable to enable each seller to consummate the disposition of the Registrable Shares owned by such seller in such jurisdictions (provided, however, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (ii) consent to general service of process in any such jurisdiction);

(f) promptly notify each seller and each underwriter and (if requested by any such Person) confirm such notice in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to a registration statement or any post-effective amendment, when the same has become effective, (ii) of the issuance by any state securities or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Shares under state securities or "blue sky" laws or the initiation of any proceedings for that purpose, and (iii) of the happening of any event which makes any statement made in a registration statement or related prospectus untrue or which requires the making of any changes in such registration statement, prospectus or documents so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and, as promptly as practicable thereafter, prepare and file with the SEC and furnish a supplement or amendment to such prospectus so that, as

thereafter deliverable to the purchasers of such Registrable Shares, such prospectus will not contain any untrue statement of a material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(g) permit any selling Holder, which in such Holder's sole and exclusive judgment, might reasonably be deemed to be an underwriter or a controlling person of the Company, to participate in the preparation of such registration or comparable statement and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such Holder and its counsel should be included;

(h) make reasonably available members of management of the Company, as selected by the Holders of a majority of the Registrable Shares included in such registration, for assistance in the selling effort relating to the Registrable Shares covered by such registration, including, but not limited to, the participation of such members of the Company's management in road show presentations;

(i) otherwise use its commercially reasonable best efforts to comply with all applicable rules and regulations of the SEC, including the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder, and make generally available to the Company's security holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act no later than thirty (30) days after the end of the twelve (12) month period beginning with the first day of the Company's first fiscal quarter commencing after the effective date of a registration statement, which earnings statement shall cover said twelve (12) month period, and which requirement will be deemed to be satisfied if the Company timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act;

(j) if requested by the managing underwriter or any seller, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or any seller reasonably requests to be included therein, including, without limitation, with respect to the Registrable Shares being sold by such seller, the purchase price being paid therefor by the underwriters and with respect to any other terms of the underwritten offering of the Registrable Shares to be sold in such offering, and promptly make all required filings of such prospectus supplement or post-effective amendment;

(k) as promptly as practicable after filing with the SEC of any document which is incorporated by reference into a registration statement (in the form in which it was incorporated), deliver a copy of each such document to each seller;

(l) cooperate with the sellers and the managing underwriter to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law) representing securities sold under

any registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or such sellers may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(m) promptly make available for inspection by any seller, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement; provided, however, that, unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement or the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, the Company shall not be required to provide any information under this subparagraph if (i) the Company believes, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (ii) if either (A) the Company has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise or (B) the Company reasonably determines in good faith that such Records are confidential and so notifies the Inspectors in writing, unless prior to furnishing any such information with respect to clause (ii) such Holder of Registrable Shares requesting such information agrees to enter into a confidentiality agreement in customary form and subject to customary exceptions; and provided, further, that each Holder of Registrable Shares agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;

(n) furnish to each seller and underwriter a signed counterpart of (i) an opinion or opinions of counsel to the Company, and (ii) a comfort letter or comfort letters from the Company's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the sellers or managing underwriter reasonably requests;

(o) cause the Registrable Shares included in any registration statement to be (i) listed on each securities exchange, if any, on which similar securities issued by the Company are then listed, or (ii) quoted on the National Association of Securities Dealers, Inc. Automated Quotation System or the Nasdaq National Market if similar securities issued by the Company are quoted thereon;

(p) provide a transfer agent and registrar for all Registrable Securities registered hereunder;

(q) cooperate with each seller and each underwriter participating in the disposition of such Registrable Shares and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. ("NASD");

(r) during the period when the prospectus is required to be delivered under the Securities Act, promptly file all documents required to be filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act;

(s) notify each seller of Registrable Shares promptly of any request by the SEC for the amending or supplementing of such registration statement or prospectus or for additional information;

(t) enter into such agreements (including underwriting agreements in the managing underwriter's customary form) as are customary in connection with an underwritten registration; and

(u) advise each seller of such Registrable Shares, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose and promptly use its commercially reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

2.6 Suspension of Dispositions. Each Holder agrees by acquisition of any Registrable Shares that, upon receipt of any notice (a "Suspension Notice") from the Company of the happening of any event of the kind described in Section 2.5(f)(iii) such Holder will forthwith discontinue disposition of Registrable Shares until such Holder's receipt of the copies of the supplemented or amended prospectus, or until it is advised in writing (the "Advice") by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus, and, if so directed by the Company, such Holder will deliver to the Company all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such Registrable Shares current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of registration statements set forth in Sections 2.5(b) and 2.5(c) hereof shall be extended by the number of days during the period from and including the date of the giving of the Suspension Notice to and including the date when each seller of Registrable Shares covered by such registration statement shall have received the copies of the supplemented or amended prospectus or the Advice. The Company shall use its commercially reasonable best efforts and take such actions as are reasonably necessary to render the Advice as promptly as practicable.

2.7 Registration Expenses.

2.7.1 Demand Registrations. All reasonable, out-of-pocket fees and expenses incident to any Demand Registration including, without limitation, the Company's performance of or compliance with this Article 2, all registration and filing fees, all fees and expenses associated with filings required to be made with the NASD (including, if applicable, the reasonable fees and expenses of any "qualified independent underwriter" as such term is defined in Schedule E of the Bylaws of the NASD, and of its counsel), as may be required by the rules and regulations of the NASD, fees and expenses of compliance with securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with "blue sky" qualifications of the Registrable Shares), rating agency fees, printing expenses (including expenses of printing certificates for the Registrable Shares in a form eligible for deposit with Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by a Holder of Registrable Shares), messenger and delivery expenses, the fees and expenses incurred in connection with any listing or quotation of the Registrable Shares, fees and expenses of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), and the fees and expenses of any special experts retained by the Company in connection with such registration, will be borne by the Company whether or not any registration statement becomes effective, and any underwriting discounts, commissions, or fees attributable to the sale of the Registrable Shares, will be borne by the Holders pro rata on the basis of the number of shares so registered and the fees and expenses of any counsel, accountants, or other persons retained or employed by any Holder will be borne by such Holder.

2.7.2 Piggyback Registrations. All fees and expenses incident to any Piggyback Registration including, without limitation, the Company's performance of or compliance with this Article 2, all registration and filing fees, all fees and expenses associated with filings required to be made with the NASD (including, if applicable, the reasonable fees and expenses of any "qualified independent underwriter" as such term is defined in Schedule E of the Bylaws of the NASD, and of its counsel), as may be required by the rules and regulations of the NASD, fees and expenses of compliance with securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with "blue sky" qualifications of the Registrable Shares), rating agency fees, printing expenses (including expenses of printing certificates for the Registrable Shares in a form eligible for deposit with Depository Trust Company and of printing prospectuses), messenger and delivery expenses, the fees and expenses incurred in connection with any listing or quotation of the Registrable Shares, fees and expenses of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or "cold comfort" letters required by or incident to such performance), the fees and expenses of any special experts retained by the Company in connection with such registration, and the fees and expenses of other persons retained by the Company, will be borne by the Company (unless paid by a security holder that is not a Holder for whose account the registration is being effected) whether or not any registration statement becomes effective; provided, however, that any underwriting discounts, commissions, or fees attributable to the sale of the Registrable Shares will be borne by

the Holders pro rata on the basis of the number of shares so registered and the fees and expenses of any counsel, accountants, or other persons retained or employed by any Holder will be borne by such Holder.

2.8 Indemnification.

2.8.1 The Company agrees to indemnify and reimburse, to the fullest extent permitted by law, each seller of Registrable Shares, and each of its employees, advisors, agents, representatives, partners, officers, and directors and each Person who controls such seller (within the meaning of the Securities Act or the Exchange Act) and any agent or investment advisor thereof (collectively, the "Seller Affiliates") (a) against any and all losses, claims, damages, liabilities, and expenses, joint or several (including, without limitation, attorneys' fees and disbursements except as limited by Section 2.8.3) based upon, arising out of, related to or resulting from any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus, or preliminary prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, (b) against any and all loss, liability, claim, damage, and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, and (c) against any and all costs and expenses (including reasonable fees and disbursements of counsel) as may be reasonably incurred in investigating, preparing, or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, or such violation of the Securities Act or Exchange Act, to the extent that any such expense or cost is not paid under subparagraph (a) or (b) above; except insofar as any such statements are made in reliance upon and in strict conformity with information furnished in writing to the Company by such seller or any Seller Affiliate for use therein or arise from such seller's or any Seller Affiliate's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Company has furnished such seller or Seller Affiliate with a sufficient number of copies of the same. The reimbursements required by this Section 2.8.1 will be made by periodic payments during the course of the investigation or defense, as and when bills are received or expenses incurred.

2.8.2 In connection with any registration statement in which a seller of Registrable Shares is participating, each such seller will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the fullest extent permitted by law, each such seller will indemnify the Company and each of its employees, advisors, agents, representatives, partners, officers and directors and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) and any agent or investment advisor thereof against any and all losses,

claims, damages, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and disbursements except as limited by Section 2.8.3) resulting from any untrue statement or alleged untrue statement of a material fact contained in the registration statement, prospectus, or any preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission is contained in any information or affidavit so furnished in writing by such seller or any of its Seller Affiliates specifically for inclusion in the registration statement; provided that the obligation to indemnify will be several, not joint and several, among such sellers of Registrable Shares, and the liability of each such seller of Registrable Shares will be in proportion to, and will be limited to, the net amount received by such seller from the sale of Registrable Shares pursuant to such registration statement; provided, however, that such seller of Registrable Shares shall not be liable in any such case to the extent that prior to the filing of any such registration statement or prospectus or amendment thereof or supplement thereto, such seller has furnished in writing to the Company information expressly for use in such registration statement or prospectus or any amendment thereof or supplement thereto which corrected or made not misleading information previously furnished to the Company.

2.8.3 Any Person entitled to indemnification hereunder will (a) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give such notice shall not limit the rights of such Person) and (b) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (x) the indemnifying party has agreed to pay such fees or expenses, or (y) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person. If such defense is not assumed by the indemnifying party as permitted hereunder, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). If such defense is assumed by the indemnifying party pursuant to the provisions hereof, such indemnifying party shall not settle or otherwise compromise the applicable claim unless (1) such settlement or compromise contains a full and unconditional release of the indemnified party or (2) the indemnified party otherwise consents in writing. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and disbursements of such additional counsel or counsels.

2.8.4 Each party hereto agrees that, if for any reason the indemnification provisions contemplated by Section 2.8.1 or Section 2.8.2 are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities, or expenses (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, liabilities, or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the actions which resulted in the losses, claims, damages, liabilities or expenses 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. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.8.4 were determined by pro rata allocation (even if the Holders or any underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 2.8.4. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or, except as provided in Section 2.8.3, defending any such action or claim. Notwithstanding the provisions of this Section 2.8.4, no Holder shall be required to contribute an amount greater than the dollar amount by which the net proceeds received by such Holder with respect to the sale of any Registrable Shares exceeds the amount of damages which such Holder has otherwise been required to pay by reason of any and all untrue or alleged untrue statements of material fact or omissions or alleged omissions of material fact made in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto related to such sale of Registrable Shares. 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. The Holders' obligations in this Section 2.8.4 to contribute shall be several in proportion to the amount of Registrable Shares registered by them and not joint.

If indemnification is available under this Section 2.8, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 2.8.1 and Section 2.8.2 without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 2.8.4 subject, in the case of the Holders, to the limited dollar amounts set forth in Section 2.8.2.

2.8.5 The indemnification and contribution provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director, or controlling Person of such indemnified party and will survive the transfer of securities.

2.9 Transfer of Registration Rights. The rights of each Holder under this Agreement may be assigned to any direct or indirect transferee of a Holder who agrees in writing to be subject to and bound by all the terms and conditions of this Agreement.

2.10 Rule 144. The Company will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, will, upon the request of the Holders, make publicly available other information) and will take such further action as the Holders may reasonably request, all to the extent required from time to time to enable the Holders to sell Common Stock without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the reasonable request of any Holder, the Company will deliver to such parties a written statement as to whether it has complied with such requirements and will, at its expense, immediately upon the request of any such Holder, deliver to such Holder a certificate, signed by the Company's principal financial officer, stating (a) the Company's name, address and telephone number (including area code), (b) the Company's Internal Revenue Service identification number, (c) the Company's SEC file number, (d) the number of shares of each class of capital stock outstanding as shown by the most recent report or statement published by the Company, and (e) whether the Company has filed the reports required to be filed under the Exchange Act for a period of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder.

2.11 Preservation of Rights. The Company will not (a) grant any registration rights to third parties which are more favorable than or inconsistent with the rights granted hereunder or (b) enter into any agreement, take any action, or permit any change to occur, with respect to its securities that violates or subordinates the rights expressly granted to the Holders in this Agreement.

ARTICLE 3
TERMINATION

3.1 Termination. The Holders may exercise the registration rights granted hereunder in such manner and proportions as they shall agree among themselves. The registration rights hereunder shall cease to apply to any particular Registrable Share when: (a) a registration statement with respect to the sale of such shares of Common Stock shall have become effective under the Securities Act and such shares of Common Stock shall have been disposed of in accordance with such registration statement; (b) such shares of Common Stock shall have been sold to the public pursuant to Rule 144 under the Securities Act (or any successor provision); (c) such shares of Common Stock shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force; (d) such shares shall have ceased to be outstanding or (e) in the case of Registrable Shares held by a Holder that is not CCU or any Affiliate thereof, such Holder holds less than three percent (3%) of the then outstanding Registrable Shares and such Registrable Shares are eligible for sale pursuant to Rule 144(k) under the Securities Act (or any successor provision). The Company shall promptly upon the

request of any Holder furnish to such Holder evidence of the number of Registrable Shares then outstanding.

ARTICLE 4
MISCELLANEOUS

4.1 Notices. All notices, requests, claims, demands and other communications under this Agreement 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 4.1):

If to the Company:

Clear Channel Outdoor Holdings, Inc.
2850 E. Camelback Road
Phoenix, Arizona 85016
Attention: President
Fax: (602) 957-8602

If to CCU:

Clear Channel Communications, Inc.
200 E. Basse Road
San Antonio, Texas 78209
Attn: Chief Executive Officer
Fax: (210) 822-2299

If to any other Holder:

The address indicated for such Holder in the Company's stock transfer records with copies, so long as CCU owns any Registrable Shares, to CCU as provided above.

Any notice or communication hereunder shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back, if telexed; when receipt is acknowledged, if telecopied; and five (5) calendar days after mailing if sent by registered or certified mail (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

4.2 Authority. Each of the parties hereto represents to the other that (a) it has the corporate power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate action and no such further action is required, (c) it has duly and validly executed and

delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

4.3 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York irrespective of the choice of laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

4.4 Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall be binding upon and benefit the Company, each Holder, and their respective successors and assigns.

4.5 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.

4.6 Remedies. Any dispute, controversy or claim arising out of, or relating to, the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with Article VII of the Master Agreement.

4.7 Waivers. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if it is in a writing signed by the party against whom the existence of such waiver is asserted. Unless otherwise expressly provided in this Agreement, no delay or omission on the part of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege under this Agreement. No failure by either party to take any action or assert any right or privilege hereunder shall be deemed to be a waiver of such right or privilege in the event of the continuation or repetition of the circumstances giving rise to such right unless expressly waived in writing by the party against whom the existence of such waiver is asserted.

4.8 Amendment. This Agreement may not be amended or modified in any respect except by a written agreement signed by the Company, CCU (so long as CCU owns any Common Stock) and the Holders of a majority of the then outstanding Registrable Shares.

4.9 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 or electronic mail shall be as effective as delivery of a manually executed counterpart of any such Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have caused this Registration Rights Agreement to be duly executed as of the date first written above.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /s/Paul J. Meyer
Name: Paul J. Meyer
Title: President and Chief Operating Officer

CLEAR CHANNEL COMMUNICATIONS, INC.

By: /s/ Mark P. Mays
Name: Mark P. Mays
Title: President and Chief Executive Officer

Exhibit 10.3

CORPORATE SERVICES AGREEMENT

DATED NOVEMBER 16, 2005

BETWEEN

CLEAR CHANNEL MANAGEMENT SERVICES, L.P.

AND

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

CORPORATE SERVICES AGREEMENT

This CORPORATE SERVICES AGREEMENT, dated to be effective as of November 16, 2005 (this "Agreement"), is made by and between Clear Channel Management Services, L.P., a Texas limited partnership ("Management Services"), and Clear Channel Outdoor Holdings, Inc., a Delaware corporation ("Outdoor"). Management Services is indirectly wholly-owned by Clear Channel Communications, Inc., a Texas corporation ("CCU"), and prior to the initial public offering described below, Outdoor was an indirect, wholly-owned subsidiary of CCU. 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, CCU and Outdoor have entered into a Master Agreement, dated as of November 16, 2005 (the "Master Agreement"), pursuant to which, among other things, CCU will separate its outdoor advertising and related businesses and operations from the other businesses and operations of CCU by contributing, assigning and transferring such businesses, operations and related assets and liabilities to Outdoor and its Subsidiaries, as set forth in the Master Agreement;

WHEREAS, after the separation of the outdoor advertising and related businesses and operations from CCU by contribution, transfer and assignment to the Outdoor Group, it is contemplated that an initial public offering will be made of the class A common stock of Outdoor, resulting in partial public ownership of Outdoor;

WHEREAS, after such separation and the initial public offering, both Outdoor and CCU desire for Management Services to provide certain administrative and support services and other assistance to the Outdoor Group in accordance with the terms and subject to the conditions set forth herein, and Management Services desires to provide, or cause to be provided by other members of the CCU Group, such services and assistance to the Outdoor Group;

WHEREAS, because of the parent-subsidiary relationships among CCU, Outdoor and Management Services, the terms and conditions set forth herein have not resulted from arms length negotiations between the parties, and accordingly, such terms may be in some respects less favorable to Outdoor than those it could obtain from unaffiliated third parties;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms.

The following capitalized terms used in this Agreement will have the meanings set forth below:

"Information Systems" means computing, telecommunications or other digital operating or processing systems or environments, including, without limitation, computer programs, data, databases, computers, computer libraries, communications equipment, networks and systems. When referenced in connection with Services, Information Systems will mean the Information Systems accessed and/or used in connection with the Services.

"Intellectual Property" means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction: (i) patents, patent applications (along with all patents issuing thereon), statutory invention registrations, divisions, continuations, continuations-in-part, substitute applications of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions; (ii) copyrights, mask work rights, database rights and design rights, whether or not registered, published or unpublished, and registrations and applications for registration thereof, and all rights therein whether provided by international treaties or conventions or otherwise; (iii) trademarks, service marks, trade dress, logos and other identifiers of source, including all goodwill associated therewith and all common law rights, registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing; (iv) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations and URLs; (v) trade secrets; (vi) intellectual property rights arising from or in respect of Technology; and (vii) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) through (vi) above.

"Provider" means Management Services or another member of the CCU Group that is providing a Service pursuant to this Agreement.

"Recipient" means Outdoor or another member of the Outdoor Group to whom a Service pursuant to this Agreement is being provided.

"Representative" of a Person means any director, officer, employee, agent, consultant, accountant, auditor, financing source, attorney, investment banker or other representative of such Person.

"Service Termination Date" means the effective date of the termination of this Agreement pursuant to Section 9.1(a) or such earlier termination date as may be determined in accordance with Section 9.1(a) in respect of any specified Service.

"Software" means the object and source code versions of computer programs and any associated documentation therefor.

"Tax Matters Agreement" means the Tax Matters Agreement entered into pursuant to the Master Agreement and in substantially the form of Exhibit C to the Master Agreement.

"Technology" means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, software, programs, models, routines, confidential and proprietary information, databases, tools, inventions, invention disclosures, creations, improvements, works of authorship, and all recordings, graphs, drawings, reports, analyses, other writings, and any other embodiment of the above, in any form, whether or not specifically listed herein.

"Trademark License" means the Amended and Restated Trademark License Agreement entered into pursuant to the Master Agreement and in substantially the form of Exhibit E to the Master Agreement.

"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.

"Undertakings" means the obligations of the respective CCU and Outdoor Groups set forth in Article III.

Section 1.2 Other Terms.

For purposes of this Agreement, the following terms have the meanings set forth in the sections or agreements indicated.

Term	Section
Affiliate	Master Agreement
After-Tax Basis	Master Agreement
Agreement	Preamble
Breaching Party	Section 9.1(a)
CCU	Preamble
CCU Confidential Information	Master Agreement
CCU Executives	Section 2.2
CCU Group	Master Agreement
CCU Indemnified Parties	Section 3.1(c)
CCU Services Manager	Section 2.3
CCU Vendor Agreements	Section 3.1(a)
Closing	Master Agreement
Closing Date	Master Agreement
Consents	Section 5.2
Conversion Costs	Section 5.3
Force Majeure	Master Agreement
Group	Master Agreement
Laws	Master Agreement
Liabilities	Master Agreement
Management Services	Preamble
Master Agreement	Recitals
Non-Breaching Party	Section 9.1(a)
Other Costs	Section 5.1(a)
Outdoor	Preamble
Outdoor Business	Master Agreement
Outdoor Common Stock	Master Agreement
Outdoor Confidential Information	Master Agreement
Outdoor Group	Master Agreement
Outdoor Indemnified Parties	Section 3.1(d)
Outdoor Services Manager	Section 2.3
Outdoor Vendor Agreements	Section 3.1(b)
Services	Section 2.1(a)
Service Charges	Section 5.1(a)

Term	Section
Standard for Services	Section 6.1
Substitute Service	Section 2.1(a)
Taxes	Master Agreement

ARTICLE II
SERVICES AND TERMS

Section 2.1 Services; Scope.

(a) During the period commencing on the Closing Date and continuing until the earlier of the termination of this Agreement or an individual Service pursuant to Section 9.1, subject to the terms and conditions set forth in this Agreement, Management Services will provide, or will cause to be provided to the Outdoor Group, finance, information technology, human resources, legal services, management oversight and other general services of an administrative and/or advisory nature with respect to the Outdoor Business, as set forth on Schedule A and Schedule C (the "Services"), and Outdoor will, and will cause the other members of the Outdoor Group to, utilize such Services in the conduct of their respective businesses. The "Services" also will include (1) any Services to be provided by the CCU Group to the Outdoor Group as agreed pursuant to Section 10.3(a), and (2) any Substitute Service; provided, however, that (i) the scope of each Service will be substantially the same as the scope of such service provided by the CCU Group to the Outdoor Group on the last day prior to the Closing in the ordinary course; (ii) the use of each Service by the Outdoor Group will include use by the Outdoor Group's contractors in substantially the same manner as used by the contractors of the Outdoor Group prior to the Closing; and (iii) nothing in this Agreement will require that any Service be provided other than for use in, or in connection with, the Outdoor Business. Nothing in the preceding sentence or elsewhere in this Agreement will be deemed to restrict or otherwise limit the volume or quantity of any Service; provided, that, certain volume or quantity changes with respect to a Service may require the parties to negotiate in good faith and use their commercially reasonable efforts to agree upon a price change with respect to such Service. If, for any reason, Management Services is unable to provide any Service pursuant to the terms of this Agreement, Management Services will provide to the Outdoor Group a substantially equivalent service (a "Substitute Service") at or below the cost for the substituted Service as set forth onSchedule A or Schedule C, as applicable, and otherwise in accordance with the terms of this Agreement, including the Standard for Services.

(b) The Services will include, and the Service Charges reflect charges for, such maintenance, support, error correction, training, updates and enhancements normally and customarily provided by members of the CCU Group to other CCU Group members that receive such services. If Outdoor requests that Management Services provides a custom modification in connection with any Service, Outdoor will be responsible for the cost of such custom modification. The Services will include all functions, responsibilities, activities and tasks, and the materials, documentation, resources, rights and licenses to be used, granted or provided by the CCU Group that are not specifically described in this Agreement as a part of the Services, but are incidental to, and would normally be considered an inherent part of, or necessary subpart included within, the Services or are otherwise necessary for the CCU Group to provide, or the Outdoor Group to receive, the Services.

(c) This Agreement will not assign any rights to Technology or Intellectual Property between the parties, other than as specifically set forth herein or in the Trademark License. Any upgrades, updates or other modifications to Software or other electronic content made available or delivered to the Outdoor Group pursuant to this Agreement will be deemed to be Intellectual Property of the CCU Group and licensed to the Outdoor Group, notwithstanding that such upgrades, updates or other modifications (i) were not used, held for use or contemplated to be used by the Outdoor Group as of the Closing Date, (ii) were not controlled by any member of the CCU Group as of the Closing Date, or (iii) may constitute improvements made after the Closing Date.

(d) Throughout the term of this Agreement, the Provider and the Recipient of any Service will cooperate with one another and use their good faith, commercially reasonable efforts to effect the efficient, timely and seamless provision and receipt of such Service.

(e) Any Software delivered by a Provider hereunder will be delivered, at the election of the Provider, either (i) with the assistance of the Provider, through electronic transmission or downloaded by the Recipient from the applicable intranet, or (ii) by installation by the Provider on the relevant equipment, with retention by the Provider of all tangible media on which such Software resides. The Provider and the Recipient acknowledge and agree that no tangible medium containing such Software (including any enhancements, upgrades or updates) will be transferred to the Recipient at any time for any reason under the terms of this Agreement, and that the Provider will, at all times, retain possession and control of any such tangible medium used or consumed by the Provider in the performance of this Agreement. Each party will comply with all reasonable security measures implemented by the other party in connection with the delivery of Software.

Section 2.2 Executive Services.

Until the earlier of the Trigger Date or termination of this Agreement in accordance with Section 9.1, in conjunction with the provision of the Services, Management Services will make available to Outdoor, and Outdoor will utilize, the management oversight services of the executive officers of CCU referenced on Schedule A and from time to time as mutually agreed to by the parties, certain other officers of CCU (collectively, "CCU Executives"); provided, however, that Outdoor may terminate the provision of management oversight services by any particular executive officer of CCU at any time by providing notice of such termination to CCU, such termination to be effective on the later of the date specified in the notice, if any, or the date that is six months after delivery of such notice. In rendering such services, until their resignation or the termination of Services as otherwise provided in this Section 2.2, the Chief Executive Officer of CCU shall serve as the Chief Executive Officer of Outdoor, and the Chief Financial Officer of CCU shall serve as the Chief Financial Officer of Outdoor. The obligations of Management Services pursuant to this Section 2.2 will be subject to the reasonable demands imposed by, and the reasonable requirements of, the on-going operations of the CCU Group and the Outdoor Group, respectively.

Section 2.3 Services Managers.

Management Services will designate a dedicated services account manager (the "CCU Services Manager") who will be directly responsible for coordinating and managing the delivery of the Services and will have authority to act on the CCU Group's behalf with respect to the Services. Outdoor will designate a dedicated services account manager (the "Outdoor Services Manager") who will be directly responsible for coordinating and managing the delivery of the Services and will have authority to act on the Outdoor Group's behalf with respect to the Services. The CCU Services Manager and the Outdoor Services Manager will work together to address the Outdoor Group's issues and the parties' relationship under this Agreement.

Section 2.4 Performance and Receipt of Services.

Each of Management Services and Outdoor will, and will cause its respective Groups to, comply with the following provisions with respect to the Services:

(a) Each Provider and Recipient will at all times comply with its own then in-force security guidelines and policies applicable to the performance, access and/or use of the Services and Information Systems.

(b) Each Provider and Recipient will take commercially reasonable measures to ensure that no computer viruses or similar items are coded or introduced into the Services or Information Systems. If a computer virus is found to have been introduced into the Services or Information Systems, the parties hereto will use their commercially reasonable efforts to cooperate and to diligently work together to eliminate the effects of such computer virus.

(c) Each Provider and Recipient will exercise reasonable care in providing and receiving the Services to (i) prevent access to the Services or Information Systems by unauthorized Persons, and (ii) not damage, disrupt or interrupt the Services or Information Systems.

Section 2.5 WARRANTIES.

THIS IS A SERVICE AGREEMENT. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, THERE ARE NO EXPRESS WARRANTIES OR GUARANTIES, AND THERE ARE NO IMPLIED WARRANTIES OR GUARANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE AND FITNESS FOR A PARTICULAR PURPOSE.

ARTICLE III
OTHER ARRANGEMENTS

Section 3.1 Vendor Agreements.

(a) A member of the CCU Group is or may become a party to certain corporate purchasing contracts, master services agreements, vendor contracts, software and other Intellectual Property licenses or similar agreements unrelated to the Services (the "CCU Vendor Agreements") under which (or under open work orders thereunder) the Outdoor Group purchases

goods or services, licenses rights to use Intellectual Property and realizes certain other benefits and rights. Management Services agrees that prior to the Trigger Date, the Outdoor Group will continue to retain the right to purchase goods or services and continue to realize such other benefits and rights under each CCU Vendor Agreement to the extent allowed by such CCU Vendor Agreement until the expiration or termination date of such rights or benefits pursuant to the terms of such CCU Vendor Agreement (including, without limitation, any voluntary termination of such CCU Vendor Agreement by the CCU Group).

(b) A member of the Outdoor Group is or may become a party to certain corporate purchasing contracts, master services agreements, vendor contracts, software and other Intellectual Property licenses or similar agreements unrelated to the Outdoor Services (the "Outdoor Vendor Agreements") under which (or under open work orders thereunder) the CCU Group purchases goods or services, licenses rights to use Intellectual Property and realizes certain other benefits and rights. Outdoor agrees that prior to the Trigger Date, the CCU Group will continue to retain the right to purchase goods or services and continue to realize such other benefits and rights under each Outdoor Vendor Agreement to the extent allowed by such Outdoor Vendor Agreement until the expiration or termination date of such rights or benefits pursuant to the terms of such Outdoor Vendor Agreement (including, without limitation, any voluntary termination of such Outdoor Vendor Agreements by the Outdoor Group).

(c) The Outdoor Group will indemnify, defend and hold harmless on an After-Tax Basis 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 the Outdoor Group purchasing goods or services, licensing rights to use Intellectual Property or otherwise realizing benefits and rights under any CCU Vendor Agreements.

(d) The CCU Group will indemnify, defend and hold harmless on an After-Tax Basis 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 the CCU Group purchasing goods or services, licensing rights to use Intellectual Property or otherwise realizing benefits and rights under any Outdoor Vendor Agreements.

ARTICLE IV
ADDITIONAL AGREEMENTS

Section 4.1 Leases.

Management Services and Outdoor agree that each lease or sublease listed onSchedule B, pursuant to which any member of the Outdoor Group leases or subleases real property from any member of the CCU Group, will remain in full force and effect pursuant to its terms unless otherwise agreed to in writing by the parties.

Section 4.2 Computer-Based Resources.

(a) Management Services and Outdoor agree that (i) prior to the Trigger Date, the Outdoor Group will continue to have access to the Information Systems of the CCU Group, and (ii) on and after the Trigger Date, the Outdoor Group will not have access to all or any part of the Information Systems of the CCU Group, except to the extent necessary for the Outdoor Group to receive the Services (subject to the Outdoor Group complying with all reasonable security measures implemented by the CCU Group as deemed necessary by the CCU Group to protect its Information Systems; provided, that, the Outdoor Group has had a commercially reasonable period of time in which to comply with such security measures).

(b) Management Services and Outdoor agree that (i) prior to the Trigger Date, the CCU Group will continue to have access to the Information Systems of the Outdoor Group, and (ii) on and after the Trigger Date, the CCU Group will not have access to all or any part of the Information Systems of the Outdoor Group, except to the extent necessary for the CCU Group to perform the Services (subject to the CCU Group complying with all reasonable security measures implemented by the Outdoor Group as deemed necessary by the Outdoor Group to protect its Information Systems; provided, that, the CCU Group has had a commercially reasonable period of time in which to comply with such security measures).

Section 4.3 Access.

Outdoor will allow the CCU Group and its Representatives reasonable access to the facilities of the Outdoor Group necessary for the performance of the Services and to enable the CCU Group and to fulfill its obligations under this Agreement.

ARTICLE V
COSTS AND DISBURSEMENTS; PAYMENTS

Section 5.1 Service Charges.

(a) Schedule A or Schedule C, as applicable, sets forth with respect to each Service a description of the charges for such Service or the basis for the determination thereof (the "Service Charges"). Further, in connection with performance of the Services and in connection with the Undertakings, the Provider will make payments for the benefit of and on behalf of the Recipient and will incur out-of-pocket costs and expenses (collectively, the "Other Costs"), which will be reimbursed to the Provider by the Recipient; provided, that, any Other Costs will only be payable by the Recipient if it receives from the Provider reasonably detailed data and other documentation sufficient to support the calculation of amounts due to the Provider as a result of such Other Costs.

(b) (i) Prior to the Trigger Date, Management Services and Outdoor will arrange for the payment of all Service Costs and Other Charges in a manner consistent with past practices for similar services provided by the CCU Group to the Outdoor Group prior to the date hereof. The Recipient will have the right to dispute any Service Charges and Other Costs by delivering written notice of such dispute, setting forth in reasonable detail the basis therefor, to the Provider within, and no later than, 60 days after notice of billing. As soon as practicable after receipt of any such notice, the Provider will provide the Recipient with reasonably detailed

data and documentation sufficient to support the calculation of any Service Charges and Other Costs that are the subject of the dispute. If the Provider's furnishing of such information does not promptly resolve such dispute, the dispute will be resolved pursuant to Section 8.2.

(i) From and after the Trigger Date, the Provider will deliver an invoice to the Recipient on a monthly basis (or at such other frequency as is set forth on Schedule A or Schedule C, as applicable) in arrears for the Service Charges and any Other Costs. The Recipient will pay the amount of such invoice to the Provider in U.S. dollars within 30 days of the date of such invoice, provided, that, to the extent consistent with past practice with respect to Services rendered outside the United States, payments may be made in local currency. If the Recipient fails to pay such amount (excluding any amount contested in good faith) by such date, the Recipient will be obligated to pay to the Provider, in addition to the amount due, interest on such amount at the lesser of (i) the three month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable law, from the date the payment was due through the date of payment. As soon as practicable after receipt by the Provider of any reasonable written request by the Recipient, the Provider will provide the Recipient with reasonably detailed data and documentation sufficient to support the calculation of any amount due to the Provider under this Agreement for the purpose of verifying the accuracy of such calculation. If, after reviewing such data and documentation, the Recipient disputes the Provider's calculation of any amount due to the Provider, then the dispute will be resolved pursuant to Section 8.2.

Section 5.2 Consents.

Management Services and Outdoor acknowledge and agree that certain Software and other licenses, consents, approvals, notices, registrations, recordings, filings and other actions (collectively, "Consents") may be required by Management Services, Outdoor or members of their respective Groups in connection with the provision of the Services. With respect to each Service, the Recipient will, after consultation with the Provider, either directly pay the out-of-pocket expenses incurred to obtain, perform or otherwise satisfy each such Consent or after any such Consent is obtained, performed or otherwise satisfied, reimburse the Provider for all actual, out-of-pocket costs incurred by the Provider and related to such Consent. Prior to payment of, or reimbursement for, such out-of-pocket expenses, the Provider will provide the Recipient with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the out-of-pocket expenses for which the Provider is seeking payment or reimbursement. Upon receipt of such invoice and data and documentation, the Recipient will either pay the amount of such invoice directly in accordance with its general payment terms with vendors or reimburse the Provider for its payment of the invoice within 30 days of the date of its receipt of such invoice. If the Recipient disputes the invoiced amount, then the parties will work together to resolve such dispute. If the parties are unable to resolve such dispute, the dispute will be resolved pursuant to Section 8.2. Management Services and Outdoor acknowledge and agree that no prior approval of the Recipient will be required for the Provider to seek any reimbursement pursuant to this Section 5.2.

Section 5.3 Conversion Costs.

Management Services and Outdoor acknowledge and agree that in connection with the implementation, provision, receipt and transition of the Services, there will be certain nonrecurring, out-of-pocket conversion costs incurred by Management Services, Outdoor and their respective Groups ("Conversion Costs"). With respect to each Service, the Recipient of the Service will either reimburse the Provider as incurred for all actual, out-of-pocket Conversion Costs incurred by the Provider and related to such Service or, after consultation with the Provider, pay such Conversion Costs directly on an as-incurred basis, in either case regardless of whether the Recipient replaces such Service with the same application, system, vendor or other means of effecting the Service. Prior to payment of, or reimbursement for, such actual out-of-pocket Conversion Costs, the Provider will provide the Recipient with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the out-of-pocket expenses for which the Provider is seeking payment or reimbursement. Upon receipt of such invoice and data and documentation, the Recipient will either pay the amount of such invoice directly in accordance with its general payment terms with vendors or reimburse the Provider for its payment of the invoice within 30 days of the date of its receipt of such invoice. If the Recipient disputes the invoiced amount, then the dispute will be resolved pursuant to Section 8.2. Management Services and Outdoor acknowledge and agree that no prior approval will be required from the Recipient for the Provider to seek any reimbursement for Conversion Costs pursuant to this Section 5.3.

ARTICLE VI
STANDARD FOR SERVICE; COMPLIANCE WITH LAWS

Section 6.1 Standard for Service.

Except as otherwise provided in this Agreement (including in Schedule A and Schedule C), Management Services agrees that the Provider will perform the Services such that the nature, quality, standard of care and the service levels at which such Services are performed are no less than the nature, quality, standard of care and service levels at which the substantially same services were provided to the members of the Outdoor Group by or on behalf of the Provider on the last day prior to the Closing Date in the ordinary course (the "Standard for Services").

Section 6.2 Compliance with Laws.

Each of Management Services and Outdoor will be responsible for its, and its respective Group's, compliance with any and all Laws applicable to its performance under this Agreement; provided, however, that each of Management Services and Outdoor will, subject to reimbursement of out-of-pocket expenses by the requesting party, use commercially reasonable efforts to cooperate and provide the other party with all reasonably requested assistance (including, without limitation, the execution of documents and the provision of relevant information) to ensure compliance with all applicable Laws in connection with any regulatory action, requirement, inquiry or examination related to this Agreement or the Services.

ARTICLE VII
INDEMNIFICATION; LIMITATION ON LIABILITY

Section 7.1 Limited Liability of a Provider.

Notwithstanding the provisions of Section 6.1, none of Management Services, any other members of the CCU Group, their respective Affiliates or any of their respective directors, officers or employees, or any of the heirs, executors, successors or assigns of any of the foregoing (each, a "Provider Indemnified Party"), will have any liability in contract, tort or otherwise, including for any such party's ordinary or contributory negligence, to the Recipient or its Affiliates or Representatives for or in connection with (i) any Services rendered or to be rendered by any Provider Indemnified Party pursuant to this Agreement, (ii) the transactions contemplated by this Agreement, or (iii) any Provider Indemnified Party's actions or inactions in connection with any such Services or transactions; provided, however, that such limitation on liability will not extend to or otherwise limit any Liabilities that have resulted directly from such Provider Indemnified Party's (a) gross negligence or willful misconduct, (b) improper use or disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party or (c) violation of applicable Law.

Section 7.2 Indemnification by Each Provider.

Management Services will, and will cause each Provider to indemnify, defend and hold harmless each relevant Recipient and each of its Subsidiaries and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (each, a "Recipient Indemnified Party"), from and against any and all Liabilities of the Recipient Indemnified Parties relating to, arising out of, or resulting from (a) the gross negligence or willful misconduct of a Provider Indemnified Party in connection with such Provider Indemnified Party's provision of the Services, (b) the improper use or improper disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party's provision of the Services, or (c) any violation of applicable Law by a Provider Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party's provision of the Services; provided, that, the aggregate liability of the CCU Group as Providers pursuant to this Article VII will in no event exceed an amount equal to the aggregate payments made by the Recipients to the Providers for Services pursuant to this Agreement for the 12 month period preceding the date of such event giving rise to indemnification hereunder.

Section 7.3 Indemnification by Each Recipient.

Outdoor will, and will cause each member of the Outdoor Group to, indemnify, defend and hold harmless each relevant Provider Indemnified Party from and against any and all Liabilities of the Provider Indemnified Parties relating to, arising out of, or resulting from the provision of the Services by any Provider or any of its Affiliates, except for (a) any Liabilities that result from a Provider Indemnified Party's gross negligence in connection with the provision of the Services, and (b) any Liabilities that result from a Provider Indemnified Party's material breach of this Agreement.

Section 7.4 Indemnification Matters; Exclusivity.

The indemnification provisions set forth in Sections 5.6 through 5.8 of the Master Agreement are hereby incorporated into, and made a part of, this Article VII, Sections 3.1(c) and 3.1(d) and as otherwise applicable to this Agreement. The provisions of this Article VII will constitute the sole and exclusive remedy for Liabilities arising under this Agreement, other than Liabilities arising under Sections 3.1(c) and 3.1(d).

Section 7.5 Limitation on Liability.

Notwithstanding any other provision contained in this Agreement, Management Services and Outdoor agree on their behalf, and on behalf of their respective Groups, that no member of the CCU Group on the one hand, and no member of the Outdoor Group, on the other hand, will be liable to any member of the other Group, whether based on contract, tort (including negligence), warranty or any other legal or equitable grounds, for any special, indirect, punitive, incidental or consequential losses, damages or expenses of the other Group, including, without limitation, loss of data, loss of profits, interest or revenue, or use or interruption of business, arising from any claim relating to breach of this Agreement or otherwise relating to any of the Services or Undertakings provided hereunder. For clarification purposes only, the parties hereto agree that the limitation on liability contained in this Section 7.5 will not apply to (a) damages awarded to a third party pursuant to a third party claim for which a Provider is required to indemnify, defend and hold harmless any Recipient Indemnified Party under Section 7.2; (b) damages awarded to a third party pursuant to a third party claim for which a Recipient is required to indemnify, defend and hold harmless any Provider Indemnified Party under Section 7.3; (c) damages awarded to a third party pursuant to a third party claim for which the Outdoor Group is required to indemnify, defend and hold harmless any CCU Indemnified Party under Section 3.1(c); and (d) damages awarded to a third party pursuant to a third party claim for which the CCU Group is required to indemnify, defend and hold harmless any Outdoor Indemnified Party under Section 3.1(d).

Section 7.6 Liability for Payment Obligations.

Nothing in this Article VII will be deemed to eliminate or limit, in any respect, any member of the CCU Group's or any member of the Outdoor Group's express obligation in this Agreement to pay or reimburse, as applicable, for (a) Service Charges; (b) Other Costs; (c) amounts payable or reimbursable with respect to any custom modification provided pursuant to Section 2.1(b); (d) any amounts payable or reimbursable pursuant to the terms of the leases referred to in Section 4.1; (e) any amounts payable or reimbursable pursuant in respect of the Consents pursuant to Section 5.2; (f) amounts payable or reimbursable in respect of Conversion Costs pursuant to Section 5.3; (g) amounts payable or reimbursable pursuant to Section 6.2 with respect to compliance with Laws; (h) amounts payable or reimbursable pursuant to Section 10.3(b) with respect to books and records; and (i) amounts payable or reimbursable pursuant to 0 with respect to Taxes.

ARTICLE VIII
DISPUTE RESOLUTION

Section 8.1 Applicable Law.

This Agreement will 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.

Section 8.2 Dispute Resolution.

To the extent not resolved through discussions between the CCU Services Manager and the Outdoor Services Manager, any dispute, controversy or claim arising out of, or relating to, this Agreement will be resolved in accordance with Article VII of the Master Agreement, which dispute resolution provisions are hereby incorporated into, and made a part of, this Section 8.2.

ARTICLE IX
TERMINATION

Section 9.1 Termination.

(a) This Agreement may be terminated (1) after the Trigger Date by either Management Services or Outdoor upon no less than six months' prior written notice provided, however, after the Trigger Date, Management Services will continue to provide, and Outdoor will utilize, and will cause the other members of the Outdoor Group to utilize, the Services identified on Schedule C for the applicable time periods after the Trigger Date set forth in Schedule C, and therefore (A) the effective date of such termination of this Agreement must be no earlier than the latest date provided on Schedule C for the provision of Services, (B) the effective date of termination of individual Services specified on Schedule C must be no earlier than the date provided on Schedule C for such individual Service, and (C) all other Services that are not specified on Schedule C will terminate upon the effective termination date provided in such written notice, or (2) at any time upon mutual agreement of Management Services and Outdoor. Notwithstanding the foregoing, with respect to specific Services provided hereunder, (i) either party hereto (the "Non-Breaching Party") may terminate this Agreement with respect to any individual Service, in whole but not in part, at any time upon prior written notice by the Non-Breaching Party to the other party (the "Breaching Party") if the Breaching Party (including any member of its respective Group) has failed to perform any of its material obligations under this Agreement relating to such Service, and such failure will have continued without cure for a period of 60 days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate such Service; provided, however, that no Service may be terminated pursuant to this clause (i) until the parties have completed the dispute resolution process set forth in Section 8.2 with respect to such Service; (ii) Management Services and Outdoor may from time to time mutually agree to terminate any individual Service, in whole but not in part, provided, that, any such agreement to terminate a Service will comply with Section 10.10 and include all terms and conditions applicable to termination of the Service to be terminated and (iii) as provided in Section 2.2, Outdoor may terminate the provision of management oversight services by any particular executive officer of CCU at any time by

providing notice of such termination to CCU, such termination to be effective on the later of the date specified in the notice, if any, or the date that is six months after delivery of such notice. Any such termination of an individual Service will not in any way affect the obligations of the party terminating such Service to continue to receive all other Services not so terminated and to continue to provide Services as required by this Agreement.

(b) In addition to and not in limitation of the rights and obligations set forth inSection 2.1(d), upon the request of the Recipient of a Service, (i) the Provider of such Service will cooperate with the Recipient and use its good faith, commercially reasonable efforts to assist the transition of such Service to the Recipient (or Affiliate of the Recipient or such third-party vendor designated by the Recipient) by the Service Termination Date for such Service.

Section 9.2 Effect of Termination.

Upon termination or expiration of any Service or Undertaking pursuant to this Agreement, the relevant Provider will have no further obligation to provide the terminated Service or expired Undertaking, and the relevant Recipient will have no obligation to pay any future Service Charges or Other Costs relating to any such Service or Undertaking (other than for or in respect of Services or Undertakings provided in accordance with the terms of this Agreement and received by such Recipient prior to such termination). Upon termination of this Agreement in accordance with its terms, no Provider will have any further obligation to provide any Service or Undertaking, and no Recipient will have any obligation to pay any Service Charges or Other Costs relating to any Service or Undertaking or make any other payments under this Agreement (other than for or in respect of Services or Undertakings received by such Recipient prior to such termination).

Section 9.3 Survival.

Each of Section 4.1 (Leases), Section 4.2 (Computer-Based Resources), Article V (Costs and Disbursements), Article VII (Indemnification; Limitation on Liability), Article VIII (Dispute Resolution), Section 9.2 (Effect of Termination), this Section 9.3 (Survival), and Article X (General Provisions) will survive the expiration or other termination of this Agreement and remain in full force and effect.

Section 9.4 Force Majeure.

No party hereto (or any member of its Group or any other Person acting on its behalf) will have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement 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 will, as soon as reasonably practicable after the occurrence of any such event: (a) notify the other party of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

ARTICLE X
GENERAL PROVISIONS

Section 10.1 Independent Contractors.

In providing Services hereunder, the Provider will act solely as independent contractor and nothing in this Agreement will constitute or be construed to be or create a partnership, joint venture, or principal/agent relationship between the Provider, on the one hand, and the Recipient, on the other. All Persons employed by the Provider in the performance of its obligations under this Agreement will be the sole responsibility of the Provider.

Section 10.2 Subcontractors.

Any Provider may hire or engage one or more subcontractors to perform any or all of its Services; provided, that, Management Services will in all cases remain responsible for all its obligations under this Agreement, including, without limitation, with respect to the scope of the Services, the Standard for Services and the content of the Services provided to the Recipient. Under no circumstances will any Recipient be responsible for making any payments directly to any subcontractor engaged by a Provider.

Section 10.3 Additional Services; Books and Records.

(a) If, during the term of this Agreement, a party hereto identifies a need for additional or other corporate services to be provided by or on behalf of Management Services, the parties hereto agree to negotiate in good faith to provide such requested services (provided that such services are of a type generally provided by the CCU Group at such time) and the applicable service fees, payment procedures, and other rights and obligations with respect thereto. To the extent practicable, such additional or other services will be provided on terms substantially similar to those applicable to Services of similar types and otherwise on terms consistent with those contained in this Agreement.

(b) All books, records and data maintained by a Provider for a Recipient with respect to the provision of a Service will be the exclusive property of such Recipient. The Recipient, at its sole cost and expense, will have the right to inspect, and make copies of, any such books, records and data during regular business hours upon reasonable advance notice to the Provider. At the sole cost and expense of the Provider, upon termination of the provision of any Service, the relevant books, records and data relating to such terminated Service will be delivered by the Provider to the Recipient in a mutually agreed upon format to the address of Outdoor set forth in Section 10.5 or any other mutually agreed upon location; provided, however, that the Provider will be entitled to retain one copy of all such books, records and data relating to such terminated Service for archival purposes and for purposes of responding to any dispute that may arise with respect thereto.

Section 10.4 Confidential Information.

Outdoor agrees to, and will cause the other members of the Outdoor Group to, maintain and safeguard all the Information pursuant to Section 6.2 of the Master Agreement and Management Services agrees to, and will cause the other members of the CCU Group to,

maintain and safeguard all Outdoor Confidential Information pursuant to Section 6.2 of the Master Agreement, and each party hereto agrees that Section 6.2 of the Master Agreement is hereby incorporated by reference into, and made a part of, this Agreement.

Section 10.5 Notices.

All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be given or made (and will 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 will be specified in a notice given in accordance with this Section 10.5):

If to Management Services:

Clear Channel Management Services, L.P.
200 E. Basse Road
San Antonio, Texas 78209
Attn: President of Clear Channel GP, LLC
Fax: (210) 822-2299

If to any other member of the CCU Group:

Clear Channel Communications, Inc.
200 E. Basse Road
San Antonio, Texas 78209
Attn: Chief Executive Officer
Fax: (210) 822-2299

If to any member of the Outdoor Group:

Clear Channel Outdoor Holdings, Inc.
2850 E. Camelback Road
Phoenix, Arizona 85016
Attention: President
Fax: (602) 957-8602

Section 10.6 Taxes. Except as otherwise specifically provided for in the Tax Matters Agreement:

(a) Each party will be responsible for any personal property Taxes on property it owns or leases, for franchise and privilege Taxes on its business, and for Taxes based on its net income or gross receipts.

(b) Each Recipient may report and (as appropriate) pay any sales, use, excise, value-added, services, consumption, and other Taxes directly if the Recipient provides the applicable Provider with a direct pay or exemption certificate.

(c) A Provider will promptly notify the applicable Recipient of, and coordinate with the Recipient the response to and settlement of, any claim for Taxes asserted by applicable taxing authorities for which the Recipient is alleged to be financially responsible hereunder.

(d) Each Recipient will be entitled to receive and to retain any refund of Taxes paid to a Provider pursuant to this Agreement. In the event a Provider receives a refund of any Taxes paid by a Recipient to the Provider, the Provider will promptly pay, or cause the payment of, such refund to the Recipient.

(e) Each of the parties hereto agrees that if reasonably requested by the other party, it will cooperate with such other party to enable the accurate determination of such other party's Tax liability and assist such other party in minimizing its Tax liability to the extent legally permissible. The Provider's invoices will separately state the amounts of any Taxes the Provider is proposing to collect from the Recipient.

Section 10.7 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 will 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 hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto 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 10.8 Entire Agreement.

Except as otherwise expressly provided in this Agreement, this Agreement constitutes the entire agreement of the parties hereto 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 hereto with respect to the subject matter of this Agreement. The Schedules and Recitals to this Agreement are hereby incorporated by reference into and made part of this Agreement for all purposes.

Section 10.9 Assignment; No Third-Party Beneficiaries.

This Agreement will not be assigned by any party hereto without the prior written consent of the other party hereto;provided, however, Management Services may assign this Agreement in connection with a merger, consolidation, reorganization, sale of all or substantially all of its assets or similar transaction within the CCU Group whether or not Management Services is the surviving entity. Except as provided in Article III and Article VII with respect to indemnified parties, this Agreement is for the sole benefit of the parties to this Agreement, the members of their respective Group and their permitted successors and assigns and nothing in this Agreement, express or implied, is intended to or will confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Outdoor will cause each member of the Outdoor Group receiving Services hereunder as a Recipient to abide by the terms and conditions of this Agreement, and

Management Services will cause each member of the CCU Group providing Services hereunder as a Provider to abide by the terms and conditions of this Agreement.

Section 10.10 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 will 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 will not operate or be construed as a waiver of any other subsequent breach.

Section 10.11 Rules of Construction.

(a) Interpretation of this Agreement will be governed by the following rules of construction: (i) words in the singular will be held to include the plural and vice versa and words of one gender will be held to include the other gender as the context requires, (ii) references to the terms Article, Section, paragraph, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified, (iii) the word "including" and words of similar import will mean "including, without limitation," (iv) provisions will apply, when appropriate, to successive events and transactions, (v) the headings contained herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement, (vi) the recitals are and (vii) this Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

(b) Unless specifically stated in the Master Agreement that a particular provision of the Master Agreement should be given effect in lieu of a conflicting provision in this Agreement, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance with, any provision of the Master Agreement, the provision contained in this Agreement will prevail.

(c) Unless specifically stated in the Schedules to this Agreement, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance with, any provision of a Schedule to this Agreement the provision contained in such Schedule will prevail.

Section 10.12 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 will be deemed to be an original but all of which taken together will constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail will be as effective as delivery of a manually executed counterpart of any such Agreement.

Section 10.13 No Right to Set-Off.

Outdoor will, and will cause each other Recipient to, pay the full amount of costs and disbursements, including Other Costs, incurred under this Agreement, and will not set-off, counterclaim or otherwise withhold any other amount owed to a Provider on account of any obligation owed by a Provider to a Recipient.

[*SIGNATURE PAGE FOLLOWS*]

IN WITNESS WHEREOF, the parties have caused this Corporate Services Agreement to be executed to be effective on the date first written above by their respective duly authorized officers.

CLEAR CHANNEL MANAGEMENT SERVICES, L.P.

By: Clear Channel GP, LLC, its general partner

By: /s/ Mark P. Mays
Name: Mark P. Mays
Title: President

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /s/ Paul J. Meyer
Name: Paul J. Meyer
Title: President and Chief Operating Officer

Exhibit 10.4

TAX MATTERS AGREEMENT

BY AND BETWEEN

CLEAR CHANNEL COMMUNICATIONS, INC.

AND

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

Dated as of November 10, 2005

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TAX MATTERS AGREEMENT

This Tax Matters Agreement (this "Agreement"), dated as of November 10, 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 Domestic Tax (as defined below) purposes;

WHEREAS, for Domestic Tax purposes, 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 and for Domestic Tax purposes, 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; and

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.

"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.

"Domestic Tax" means any Tax imposed under the Code or by any state or other political subdivision of the United States.

"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, foreign tax credit, alternative minimum tax credit, net operating loss, net capital loss 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 Tax Items, 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 Tax Items attributable to the Parent Group as utilized prior to the utilization of any Tax Items 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 Tax Items 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 large corporate underpayment rate as determined under section 6621(c) 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 Tax Items 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 Tax Item, 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. For Domestic Tax purposes, 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 for such Domestic Tax purposes), 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 such 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 Domestic 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 as set forth in Section 3 (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) Taxable Periods Prior to IPO. With respect to Tax matters that relate or are attributable to Taxable Periods (or portions thereof) that end on or before the date of the IPO, which Tax matters, include, without limitation, the preparation and filing of Income Tax Returns and the allocation of Tax Items and the responsibility for Taxes among the Parent Group Members and the CCO Group Members, such Tax matters shall continue to be administered in a manner and on a basis consistent with Parent's past practice as in effect immediately prior to the IPO as may be determined by Parent.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) Headings. Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(m) 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.

(n) 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:

Clear Channel Communications, Inc.
200 E. Basse Road
San Antonio, Texas 78209
Attn: Chief Executive Officer
Fax: (210) 822-2299

CCO at:

Clear Channel Outdoor Holdings, Inc.
2850 E. Camelback Road
Phoenix, Arizona 85016
Attention: President
Fax: (602) 957-8602

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.

(o) 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.

(p) 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.

[Signature Page Follows]

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: /s/ Mark P. Mays
Name: Mark P. Mays
Title: President and Chief Executive Officer

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /s/ Paul J. Meyer
Name: Paul J. Meyer
Title: President and Chief Operating Officer

Exhibit 10.5

EMPLOYEE MATTERS AGREEMENT

This Employee Matters Agreement, dated as of November 10, 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 November 10, 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.

[Signature Page Follows]

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: /s/ Mark P. Mays
Name: Mark P. Mays
Title: President and Chief Executive Officer

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /s/ Paul J. Meyer
Name: Paul J. Meyer
Title: President and Chief Operating Officer

Exhibit 10.6

AMENDED AND RESTATED
LICENSE AGREEMENT

This Amended and Restated License Agreement (this "Agreement") is made and entered into as of November 10, 2005, by and between Clear Channel Identity, L.P., a Texas limited partnership, whose principal place of business is located at 200 E. Basse Road, San Antonio, Texas 78209 ("Owner"), and Outdoor Management Services, Inc., a Nevada corporation, whose principal place of business is located at 200 E. Basse Road, San Antonio, Texas 78209 ("Licensee").

W I T N E S S E T H:

WHEREAS, Owner and Licensee entered into that certain License Agreement as of January 1, 2003 (the "Original Agreement");

WHEREAS, Owner and Licensee are each indirect, wholly-owned subsidiaries of Clear Channel Communications, Inc. ("CCU"), and CCU is in the process of strategically realigning its businesses;

WHEREAS, in connection with such strategic realignment, the parties desire to, and do hereby, amend and restate the Original Agreement with this Agreement;

WHEREAS, Owner is the exclusive owner of all right, title and interest in and to all tradenames, trademarks, service marks, common law marks, applications therefor and other rights (the "Marks") used by Owner including, without limitation, the Marks described in Exhibit A attached hereto and incorporated herein;

WHEREAS, the Marks have achieved widespread recognition among members of the general public; and

WHEREAS, it is the desire and intention of the parties that Licensee be permitted to use, throughout the Territory (as hereinafter defined), the Marks, together with such other trademarks, service marks and trade names owned and identified from time to time by Owner and accepted for license by Licensee;

NOW THEREFORE, in consideration of the promises and mutual obligations set forth herein and other good and valuable consideration, Owner and Licensee hereby agree as follows:

1. License. Subject to the terms of this Agreement, Owner hereby grants to Licensee a non-exclusive license to use the Marks as well as such other trademarks, service marks and trade names owned and identified from time to time by Owner and accepted for license by Licensee (the "License"). The parties agree that Exhibit A automatically shall be amended to include all of the Marks that Owner adopts in the Territory (as defined herein) and identifies to Licensee and that Licensee accepts for license under this Agreement. The parties further agree that Exhibit A automatically shall be amended to include all Marks listed in any trademark or

service mark application Owner may file as well as such other Marks agreed to by Owner and Licensee. Licensee shall use and may license others to use the Marks in connection with its outdoor advertising business operations in the Territory but shall not use the Marks on other goods or services unless otherwise agreed to by Owner.

2. Territory. The territory of the License shall encompass the area contained within the geographic bounds of the United States (the "Territory");provided, however, that the License granted to Licensee hereunder entitles Licensee to use the Marks on the Internet in connection with its normal business operations.

3. Royalty Fee. Licensee shall pay Owner for the use of the Marks pursuant the amount as set forth onExhibit B attached hereto. The amount owed by Licensee shall accrue throughout the fiscal year and shall be paid quarterly as follows: Within thirty (30) days after the end of Owner's fiscal quarter, Licensee shall pay to Owner the total amount owed by Licensee to Owner for the use of the licensed property under this Agreement during such fiscal quarter, with a credit against such payment for any amounts owed by Owner to Licensee for such fiscal quarter.

4. Records. Licensee shall keep books of account containing accurate and complete records of all data necessary for the determination of the amounts payable to Owner under this Agreement. Such records shall be open for inspection, copying and audit by a designated representative of Owner at any time during the regular business hours of Licensee, provided that reasonable notice is given to Licensee.

5. Specification and Quality Assurance. Licensee agrees that all products and services which Licensee offers under the Marks shall be of high quality, and shall be rendered in accordance with such specifications and standards as may be communicated by Owner to Licensee from time to time. All advertising, promotion and other use of the Marks will be in good taste and in such manner as will maintain and enhance the value of the Marks and the reputation for high quality associated with the Marks. Licensee agrees to change any use of the Marks or any proposed use of the Marks of which Owner does not approve. Licensee shall comply with all applicable federal, state and regulatory laws concerning products and services offered under the Marks.

6. Acknowledgments by Licensee.

(a) Licensee acknowledges that Owner has exclusive right in and to the Marks and will not at any time do or cause to be done any act or thing contesting or in any way impairing or tending to impair any part of such right. All use of the Marks by Licensee will inure to the benefit of Owner.

(b) Licensee shall not in any manner represent that it has any ownership in the Marks or the registration thereof.

7. Term. Unless otherwise terminated in accordance with the terms hereof, this Agreement shall commence as of the date hereof and shall continue for a period of one (1) year;

provided that this Agreement shall automatically renew for additional one (1) year periods unless either party gives notice of its election to terminate this Agreement at least ninety (90) days before the end of any one-year period.

8. Termination.

(a) In the event of a breach by Licensee of any provision of this Agreement, Owner may give Licensee notice in writing of the breach. Licensee shall have a period of sixty (60) days from the date such notice is received to cure the breach specified therein, and if the breach is not cured within such period or Licensee notifies Owner of its intention not to cure such breach, then Owner shall be entitled to terminate this Agreement and exercise any other rights or remedies it may have hereunder or as otherwise provided by law; provided, however, that if such breach is not curable, for whatever reason, during such sixty (60) day period, Owner shall delay taking action so long as Licensee shall have begun to cure such breach within such period and thereafter proceeds diligently to complete the cure of the breach and such breach is cured within a reasonable period thereafter; provided, further, that if the breach is not curable, then Owner shall be entitled to immediately terminate this Agreement and exercise any other rights or remedies it may have hereunder or as otherwise provided by law upon giving notice in writing of the breach to Licensee.

(b) In the event of a breach by Clear Channel Outdoor Holdings, Inc. ("CCO") of any provision of that certain Master Agreement, dated November 10, 2005, between CCU and CCO, that certain Corporate Services Agreement, dated November 10, 2005, between Clear Channel Management Services, L.P. and CCO, that certain Tax Matters Agreement, dated November 10, 2005, between CCU and CCO, or that certain Employee Matters Agreement, dated November 10, 2005, between CCU and CCO (collectively, the "Intercompany Agreements"), and the failure of CCO to cure (if permitted) such breach as provided in the applicable Intercompany Agreement, Owner shall be entitled to immediately terminate this Agreement and exercise any other rights or remedies it may have hereunder or as otherwise provided by law upon giving notice in writing of the breach to Licensee.

(c) In the event of a Change of Control (as defined below), Owner, subject to the Transitional Period (as defined in Section 9(a)), shall be entitled to immediately terminate this Agreement and exercise any other rights or remedies it may have hereunder or otherwise provided by law upon giving written notice to Licensee. For purposes of this Section 8(c), "Change of Control" means the occurrence of any event or circumstances that result in CCU ceasing to beneficially own, directly or indirectly, more than fifty percent (50%) of the total voting power of the common stock of CCO.

(d) Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated by mutual consent of Owner and Licensee.

(e) Notwithstanding anything in this Agreement to the contrary, Owner's rights of termination under Sections 8(a) , 8(b) and 8(c) and the parties' rights of termination under Section 8(d) may be exercised with respect to less than all of the Marks by giving written notice to such effect, and in the event that Owner or the parties exercise their respective rights of

termination with respect to less than all of the Marks, this Agreement shall continue in full force and effect with respect to the rest of the Marks.

9. Effect of Termination.

(a) In the event of a termination pursuant to Section 7 or Section 8(c), Licensee (i) shall refrain from further use of the Marks, or any mark or name reasonably deemed by Owner to be similar thereto, in connection with the manufacture, sale, offering, distribution or promotion of goods or services; (ii) shall not operate its business in any manner which would falsely suggest to the public that the License is still in force or that any relationship exists between Owner and Licensee; and (iii) shall return all confidential information and promotional materials to Owner or destroy said materials and notify Owner in writing of their destruction. Licensee shall fully comply with this provision before the one year anniversary of the effective date of termination (such period between the date of termination and such one year anniversary is referred to herein as the "Transitional Period").

(b) During the Transitional Period, Licensee may wish to transition to use of a new mark owned by Licensee and phase out the use of the Marks gradually. In connection with such transition, Licensee may wish to utilize such new mark simultaneously with the Marks. In the event Licensee desires to utilize both the Marks and a new mark simultaneously during the Transitional Period, Licensee shall provide at least thirty (30) calendar days prior written notice to Owner of such proposed use, along with a rendering of the proposed usage. Owner shall have a period of thirty (30) calendar days following receipt of such notice and rendition in which to give or withhold its approval of such transitional usage and Owner shall be deemed to not have approved such transitional usage if Owner does not deliver to Licensee its written approval thereof within such thirty (30) calendar day period. Owner shall not unreasonably withhold or delay its approval, but such approval shall not be deemed to be unreasonable if (i) the proposed usage of the Marks with the new mark creates, in Owner's reasonable business judgment, a composite mark that includes any of the Marks, (ii) if the new mark proposed to be used by Licensee in addition to the Marks is confusingly similar to any Mark, or (iii) if the proposed usage is derogatory or coveys a negative connotation with respect to Owner or any Mark.

(c) In the event of a termination pursuant to any other subsection of Section 8, there shall be no Transitional Period, all rights granted to Licensee hereunder shall cease immediately except as provided in the last sentence of this Section 9(c), and Licensee (i) shall refrain from further use of the Marks, or any mark or name reasonably deemed by Owner to be similar thereto, in connection with the manufacture, sale, offering, distribution or promotion of goods or services; (ii) shall not operate its business in any manner which would falsely suggest to the public that the License is still in force or that any relationship exists between Owner and Licensee; and (iii) shall return all confidential information and promotional materials to Owner or destroy said materials and notify Owner in writing of their destruction. Licensee shall have sixty (60) days from the effective date of termination to fully comply with this provision.

10. Indemnification. Owner shall indemnify and hold Licensee harmless from all costs including, without limitation, reasonable attorneys' fees, incurred as a result of all claims asserted by third persons arising out of any allegations of infringement of the rights of any third

party due to the authorized use of the Marks by Licensee pursuant to this Agreement. Licensee shall indemnify and hold Owner harmless from all costs including, without limitation, reasonable attorneys' fees, incurred as a result of all claims asserted by third persons arising out of any allegations of infringement of the rights of any third party due to any use of the Marks by Licensee that is not authorized pursuant to this Agreement.

11. Assignability. Licensee shall have the right to sublicense, assign or transfer the License to any person or other legal or business entity at the time controlling, controlled by or under common control with the Licensee; provided that, as used in this Section 11, "control" shall mean ownership or control, directly or indirectly, of at least 50% of the outstanding stock or other voting rights entitled to elect directors or, if the legal or business entity is not a corporation, the corresponding managing authority.

12. Covenant by Owner. Owner shall be responsible for the costs and responsibilities relating to the maintenance, monitoring, and defense of the Marks. Owner shall take whatever steps are reasonable or necessary to ensure that any registrations issued with respect to the Marks which are current on the date hereof remain current including, without limitation, the timely filing with the U.S. Patent and Trademark Office of any and all documents necessary to secure the renewal or incontestability of the Marks. To the extent Licensee's assistance is needed in relation to these activities, Licensee shall reasonably cooperate with Owner at the expense of Licensee.

13. Notice. Any notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, electronic or digital transmission method; the day after it is sent, if sent for next day delivery by a recognized overnight delivery service (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested. In each case, the notice shall be addressed to the party to be notified at its address shown in the preamble to this Agreement, or at such other address as may be furnished in writing to the notifying party.

14. Relationship. Nothing contained herein shall be construed to the parties in the relationship of franchisor/franchisee, partners or joint venturers, it being agreed and understood that each party is an independent contractor and is not an agent or employee of the other party.

15. Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or incapable of being enforced under any rule of applicable law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated herein are not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto 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 herein are consummated as originally contemplated to the fullest extent possible.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the matters contained herein and supersedes all prior negotiations, understandings and agreements, whether written or oral, between the parties with respect to the matters contained herein, including but not limited to the Original Agreement.

17. Amendments. This Agreement shall not be modified or amended except by an instrument in writing signed by both parties.

18. No Implied Warranties. Neither party makes any warranty or representation to the other except as specifically set forth herein.

19. Further Documents. Each party shall, upon request, make, execute and deliver such documents as shall be reasonably necessary to take such action as may be reasonably requested to fully implement and carry out the purposes of the License.

20. Captions. The captions contained herein are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provisions contained herein.

21. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their permitted successors, assigns and transferees, and nothing in this Agreement express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement.

22. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement.

23. Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties hereto shall be governed by, the laws of the State of Texas.

[Remainder of page intentionally blank]

IN WITNESS OF WHEREOF this Agreement has been duly executed, effective as of the day and year first above written.

OWNER:

CLEAR CHANNEL IDENTITY, L.P.

By: CC Identity GP, LLC, its general partner

By: /s/ Randall T. Mays
Name: Randall T. Mays
Title: Executive Vice President / Chief Financial Officer

LICENSEE:

OUTDOOR MANAGEMENT SERVICES, INC.

By: /s/ Randall T. Mays
Name: Randall T. Mays
Title: Executive Vice President / Chief Financial Officer

Exhibit 10.7

REVOLVING PROMISSORY NOTE

$1,000,000,000 **San Antonio, Texas** **November 10, 2005**

FOR VALUE RECEIVED AND ON DEMAND, OR IF NO DEMAND IS SOONER MADE, THEN ON AUGUST 10, 2010, Clear Channel Outdoor Holdings, Inc., a Delaware corporation ("***Maker***"), promises to pay to the order of Clear Channel Communications, Inc., a Texas corporation (the "***Company***"; the Company and any subsequent holder of this Note being referred to herein as "***Payee***"), at its principal offices in San Antonio, Bexar County, Texas, or at such other place as Payee may hereafter designate in writing, in lawful money of the United States of America and in immediately available funds, the principal amount of ONE BILLION AND NO/100 DOLLARS ($1,000,000,000) or if more or less than such amount, the aggregate unpaid principal amount of all advances made by Payee to Maker under this Note, together with interest on the unpaid balance of said principal amount from time to time remaining outstanding (as determined once each monthly period, or shorter period, if applicable, on the average daily outstanding amount thereof) from the date hereof until maturity, in like money, in immediately available funds, at a rate per annum equal to the lesser of the (i) the Contract Rate and (ii) the Maximum Rate, in each case, as determined by the Payee on the last day of each corresponding monthly period (or shorter, if applicable) for the applicable monthly period. Interest on this Note that is calculated at the Contract Rate shall be calculated at a rate per annum based upon the actual number of days elapsed over a year of 365 or 366 days, as applicable.

recapture. Notwithstanding the foregoing, if during any period the Contract Rate exceeds the Maximum Rate for the period of time in which the Contract Rate would otherwise be in effect, the rate of interest in effect on this Note shall be limited to the Maximum Rate during each such period, but at all times thereafter the rate of interest in effect on this Note shall be the Maximum Rate until the total amount of interest accrued on this Note equals the total amount of interest that would have accrued on this Note if the Contract Rate had at all times been in effect for such applicable period.

payments. Until demand for payment of this Note has been made or this Note has otherwise matured pursuant to other provisions hereof (at which time the outstanding principal balance of this Note and all interest accrued and unpaid thereon shall be due and payable), accrued and unpaid interest on the outstanding and unpaid principal balance of this Note shall be due and payable on the 15th day following each preceding monthly period, and at the maturity of this Note, howsoever such maturity shall occur, with the first such scheduled payment of accrued interest on this Note being due and payable on December 15, 2005. The Payee is the maker, and the Maker is the payee, pursuant to the terms of that certain promissory note of even date herewith (the "***Tandem Note***"), which contains terms and provisions substantially similar to this Note. It is contemplated that on each scheduled due date and at maturity, however that shall occur, of this Note and the Tandem Note that the respective amounts owed on this Note and the Tandem Note, including accrued interest thereon, will be offset against each other, with the maker on the note that continues to have a balance due on its note, after giving effect to such offset, being then required to remit such difference to the then applicable payee.

prepayments. Maker may prepay, in whole or part, the unpaid principal balance of this Note without premium or penalty; *provided* that, together with Maker's prepayment of such principal amount, Maker shall pay all interest accrued, previously due and unpaid on the amount of such principal prepayment (as determined in accordance with the terms of this Note).

payment administration. All payments on this Note shall be received by Payee not later than 10:00 a.m. San Antonio, Texas time on the date on which such payments shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). If the due date of any payment under this Note would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and interest shall be

payable for any principal so extended for the period of such extension. All payments and prepayments on this Note shall be applied first to previously due and unpaid accrued interest, and the balance, if any, to principal; but no such payment or prepayment shall defer or delay any payment then or thereafter due on this Note.

definitions. Unless otherwise herein provided, capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement*provided*, *however*, that for purposes of this Note, the following terms shall have the respective meanings as follows:

"***Acceleration Event***" means any event so designated and described hereinafter in this Note, inclusive of cure periods and/or notice provisions, if any, expressly provided therefor.

"***Applicable Law***" means the law in effect, from time to time, applicable to the transaction evidenced by this Note that lawfully permits the receipt, contracting for, charging and collection of the highest permissible lawful, non-usurious rate of interest on this Note and the transactions evidenced hereby, and arising in connection herewith, including laws of the State of Texas and, to the extent controlling, the federal laws of the United States of America. To the extent that Applicable Law is determined by reference to Chapter 303 of the Texas Finance Code, as amended, the interest ceiling applicable hereto and in connection herewith shall be the "indicated" (weekly) rate ceiling from time to time in effect as referred to therein; *provided*, *however*, it is agreed that the terms hereof, including the rate, or index, formula or provision of law used to compute the rate in connection herewith, will be subject to the revisions as to current and future balances, from time to time, pursuant to Applicable Law. ***It is further agreed that in no event shall Chapter 346 of the Texas Finance Code, as amended, apply to this Note or the transactions evidenced thereby, and arising in connection therewith.***

"***Applicable Spread***" means, for each applicable period, the basis points, if any, added to the LIBOR rate on LIBOR-based borrowings owed by CCU under its corporate revolver facility during the corresponding applicable period, or if CCU has more than one of such facilities, the one so designated by it.

"***Business Day***" means any day on which commercial banks are not required or authorized to close in San Antonio, Texas.

"***CCU***" means Clear Channel Communications, Inc., a Texas corporation, and its successors.

"***Contract Rate***" means the variable per annum rate of interest equal to the average one-month LIBOR rate for the applicable perio*plus* the Applicable Spread, which "LIBOR" rate will be determined using the Bloomberg screen US0001M<INDEX>GPO, or if such service and screen, or such rate information from such service or screen, is not available at any relevant time of determination, then "LIBOR" will be determined from such source or sources as CCU deems reasonable.

"***Credit Agreement***" means that certain Credit Agreement dated as of July 13, 2004, among CCU, certain subsidiaries of CCU as offshore borrowers, Bank of America, N.A., as administrative agent, and the lenders from time to time party thereto, as amended, supplemented, replaced, restated or otherwise modified from time to time and in effect, whether in whole or part or evidenced by one or more other agreements.

"***Maximum Rate***" means, on any day, the maximum lawful non-usurious rate of interest (if any) that, under Applicable Law, Payee is permitted or authorized to contract for, charge, collect, receive, reserve or take from or of Maker on the indebtedness evidenced by this Note from time to time in effect, including changes in such Maximum Rate attributable to changes under Applicable Law that permit a greater rate of interest to be contracted for, charged, collected, received, reserved or taken as of the effective dates of the respective changes; *provided*, *however*, to the extent that Applicable Law does not provide for such a maximum rate, then during such periods and for the purpose of the second complete paragraph of this Note, the term "Maximum Rate" shall mean a per annum rate equal to the Contract Rate plus 10%.

Terms otherwise defined herein, whether expressly, by reference or otherwise, and used herein are so used as so defined.

inter-company arrangements. This Note evidences advances from time to time made by Payee to Maker, and Maker's payments and, if any, Payee's adjustments, thereon. Each such advance is made by Payee in its sole discretion, and Payee has no obligation or commitment to make any advances to Maker, and Maker has no rights to receive, or any commitment of any type for the receipt of, advances from Payee, either hereunder or otherwise. It is contemplated that by reason of prepayments or adjustments hereon, there may be times when no indebtedness is owing hereunder; but notwithstanding such occurrences, this Note shall remain valid and shall be in full force and effect as to amounts from time to time owed by Maker to Payee under this Note subsequent to each such occurrence. The records of Payee shall be conclusive evidence, absent manifest error, of the advances made hereunder, the payments and other applications thereon and the outstanding unpaid amounts of principal thereof and accrued interest thereon.

defaults and related remedies. Upon the occurrence of any of the following events or occurrences, each of which is hereby designated an "***Acceleration Event***," and in addition to all other rights and remedies of Payee, **including, without limitation, the right to make demand on this Note at any time and without regard to the existence or non-existence of any event or occurrence other than the making of such demand**, and not in diminution of any other rights and remedies of the Payee, the Payee shall have the respective rights with respect to the acceleration of the maturity of this Note prior to any other date or dates specified herein:

(A) Maker fails to pay, when due, any principal hereof or accrued interest hereon; or

(B) (i) Maker fails to comply with any other material term, condition or covenant of this Note, which has not been cured within ten (10) days following the delivery of notice of such default by the Payee to the Maker; or (ii) without duplication of any of the other Acceleration Events, the occurrence of any event or circumstances defined as an "Acceleration Event" in that certain senior unsecured term promissory note dated August 2, 2005 (as amended, supplemented or otherwise modified and in effect, the "***CCO Note***"), in the original principal amount of $2.5 billion, executed by Clear Channel Outdoor, Inc., as maker, and originally payable to Clear Channel Outdoor Holdings, Inc., whether or not the CCO Note shall be in effect at any relevant time of determination or reference to it; or

(C) Maker shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against Maker seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property, and in the case of any such proceedings instituted against Maker (but not instituted by it), either such proceedings shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceedings shall occur; or the Maker shall take any action to authorize any of the actions set forth above in this clause (C);

then, upon the occurrence of any of the events or occurrences specified in the foregoing clauses (A) or (B) (unless otherwise provided in the CCO Note with respect to the events referred to by clause (B)(ii) above), the Payee at its option may declare the entire outstanding and unpaid principal balance of this Note and all interest accrued and unpaid thereon, and all other earned amounts payable under this Note, to be forthwith due and payable, whereupon such principal balance of this Note, all such interest and all such other amounts, shall become and be forthwith due and payable without presentment, demand, protest, or further notice of any kind **(including, without limitation, notice of default, notice of intent to accelerate maturity and notice of acceleration of maturity)**, all of which are hereby expressly waived by the Maker and, upon the occurrence on the event or occurrence specified in the foregoing clause (C), the entire outstanding and unpaid principal balance of this Note, all interest accrued and unpaid thereon, and all such

other earned amounts payable under this Note, shall automatically become and be immediately due and payable, without presentment, demand, protest, or any notice of any kind **(including, without limitation, notice of default, notice of intent to accelerate maturity and notice of acceleration of maturity)** all of which are hereby expressly waived by the Maker.

enforcement costs. If this Note is collected by suit or through the bankruptcy court, or any judicial proceeding, or if this Note is not paid at maturity, howsoever such maturity may occur, and it is placed in the hands of an attorney for collection (whether or not suit or other legal proceedings are commenced by such attorney), then Maker agrees to pay, in addition to all other amounts owing hereunder, the collection costs and reasonable attorneys' fees of Payee.

compliance with applicable law. It is the intent of Payee and Maker in the execution and performance of this Note to remain in strict compliance with Applicable Law from time to time in effect. In furtherance thereof, Payee and Maker stipulate and agree that none of the terms and provisions contained in this Note or any other documents now or hereafter securing or otherwise relating to this Note (collectively, the "***Subject Documents***") shall ever be construed to create a contract to pay for the use, forbearance or detention of money with interest at a rate or in an amount in excess of the Maximum Rate or maximum amount of interest permitted or allowed to be contracted for, charged, received, taken or reserved under Applicable Law. For purposes of this Note and each of the other Subject Documents, "interest" shall include the aggregate of all amounts that constitute or are deemed to constitute interest under Applicable Law that are contracted for, taken, charged, reserved, received or paid under this Note or any of the other Subject Documents. Maker shall never be required to pay unearned interest and shall never be required to pay interest at a rate or in an amount in excess of the Maximum Rate or maximum amount of interest that may be lawfully contracted for, charged, received, taken or reserved under Applicable Law, and the provisions of this paragraph shall control over all other provisions of this Note and each of the other Subject Documents, that may be in actual or apparent conflict herewith. If the maturity of this Note is accelerated for any reason, or if under any other contingency the interest effective rate or amount of interest that would otherwise be payable under this Note or any of the other Subject Documents would exceed the Maximum Rate or maximum amount of interest Payee is permitted or allowed by Applicable Law to charge, contract for, take, reserve or receive, or in the event Payee shall charge, contract for, take, reserve or receive monies that are deemed to constitute interest that would, in the absence of this provision, increase the effective interest rate or amount of interest payable under this Note or any of the other Subject Documents to a rate or amount in excess of that permitted or allowed to be charged, contracted for, taken, reserved or received under Applicable Law then in effect, then the principal amount of this Note or the amount of interest that would otherwise be payable under this Note, or both, shall be reduced to the amount allowed under Applicable Law as now or hereinafter construed by the courts having jurisdiction, and all such monies so charged, contracted for, taken, reserved or received that are deemed to constitute interest in excess of the Maximum Rate or maximum amount of interest permitted by Applicable Law shall immediately be returned to or credited to the account of Maker upon such determination. Payee and Maker further stipulate and agree that, without limitation of the foregoing, all calculations of the rate or amount of interest contracted for, charged, taken, reserved or received under this Note or any of the other Subject Documents that are made for the purpose of determining whether such rate or amount exceeds the Maximum Rate, shall be made to the extent not prohibited by Applicable Law, by amortizing, prorating, allocating and spreading during the period of the full stated term of this Note, all interest hereon at any time contracted for, charged, taken, reserved or received from Maker or otherwise by Payee.

reinstatement. To the extent that the Maker makes a payment or payments to the Payee or the Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

certain waivers, etc. Maker and all sureties, endorsers and guarantors of this Note severally waive grace, notice of non-payment, presentment, demand, presentment for payment, protest, notice of protest, notice of dishonor or default, **notice of intent to accelerate maturity, notice of acceleration of maturity**and all other such notices, filing of suit and diligence in collecting and bringing suit on this Note or enforcing any of the security herefor, and agree to any substitution, exchange or release of any such security, the release of any party primarily or secondarily liable hereon and further agree that it will not be necessary for Payee, in order to enforce payment of this Note, to first institute suit or exhaust its remedies against any security herefor, and consent to any one or more extensions, renewals, rearrangements, partial payments, or postponements of time of payment of this Note on any terms or any other indulgences with respect hereto, without notice thereof to any of them. The nonexercise or delay by Payee of any of its rights, remedies or powers hereunder or with respect hereto in any particular instance shall not constitute a waiver thereof in that or any subsequent instance. Neither a single or partial exercise of any such right, remedy or power by the Payee, nor any abandonment or discontinuance of steps to enforce such right, remedy or power, shall preclude any other or further exercise thereof or the exercise of any other right, remedy or power. No course of dealing between the Payee and the Maker shall operate as a waiver of any right, remedy or power of the Payee.

margin compliance. Further, the Maker warrants and represents to the Payee that no amounts advanced or borrowed hereunder shall be used for the purchase or carrying, directly or indirectly, of any "margin stock" within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System. Further, Maker covenants that it will not take or permit any action that would involve the Payee in a violation of any of the foregoing Regulations or a violation of the Securities Exchange Act of 1934, as amended, in each case as now or hereafter in effect.

governing law. This Note shall be governed by, and construed in accordance with, the internal laws of the State of Texas and, to the extent controlling, applicable federal laws of the United States of America; ***provided, however, in no event shall Chapter 346 of the Texas Finance Code, as amended and in effect, apply to this Note or any transaction provided herein or contemplated hereby***.

{Signature Page Follows}

IN WITNESS WHEREOF, Maker has executed and delivered this Note effective as of the date and year first written above.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

By: /s/ Mark P. Mays
Name: Mark P. Mays
Title: Chief Executive Officer

Cash Management Note: Maker – CCO

Exhibit 10.8

REVOLVING PROMISSORY NOTE

$1,000,000,000 **San Antonio, Texas** **November 10, 2005**

FOR VALUE RECEIVED AND ON DEMAND, OR IF NO DEMAND IS SOONER MADE, THEN ON AUGUST 10, 2010, Clear Channel Communications, Inc., a Texas corporation ("***Maker***"), promises to pay to the order of Clear Channel Outdoor Holdings, Inc., a Delaware corporation (the "***Company***"; the Company and any subsequent holder of this Note being referred to herein as "***Payee***"), at its principal offices in Phoenix, Maricopa County, Arizona, or at such other place as Payee may hereafter designate in writing, in lawful money of the United States of America and in immediately available funds, the principal amount of ONE BILLION AND NO/100 DOLLARS ($1,000,000,000) or if more or less than such amount, the aggregate unpaid principal amount of all funds transferred by the Payee to Maker, for the account of Maker, and evidenced hereby, together with interest on the unpaid balance of said principal amount from time to time remaining outstanding (as determined once each monthly period, or shorter period, if applicable, on the average daily outstanding amount thereof) from the date hereof until maturity, in like money, in immediately available funds, at a rate per annum equal to the lesser of the (i) the Contract Rate and (ii) the Maximum Rate, in each case, as determined by the Maker on the last day of each corresponding monthly period (or shorter, if applicable) for the applicable monthly period. Interest on this Note that is calculated at the Contract Rate shall be calculated at a rate per annum based upon the actual number of days elapsed over a year of 365 or 366 days, as applicable.

recapture. Notwithstanding the foregoing, if during any period the Contract Rate exceeds the Maximum Rate for the period of time in which the Contract Rate would otherwise be in effect, the rate of interest in effect on this Note shall be limited to the Maximum Rate during each such period, but at all times thereafter the rate of interest in effect on this Note shall be the Maximum Rate until the total amount of interest accrued on this Note equals the total amount of interest that would have accrued on this Note if the Contract Rate had at all times been in effect for such applicable period.

payments. Until demand for payment of this Note has been made or this Note has otherwise matured pursuant to other provisions hereof (at which time the outstanding principal balance of this Note and all interest accrued and unpaid thereon shall be due and payable), accrued and unpaid interest on the outstanding and unpaid principal balance of this Note shall be due and payable on the 15th day following each preceding monthly period, and at the maturity of this Note, howsoever such maturity shall occur, with the first such scheduled payment of accrued interest on this Note being due and payable on December 15, 2005. The Payee is the maker, and the Maker is the payee, pursuant to the terms of that certain promissory note of even date herewith (the "***Tandem Note***"), which contains terms and provisions substantially similar to this Note. It is contemplated that on each scheduled due date and at maturity, however that shall occur, of this Note and the Tandem Note that the respective amounts owed on this Note and the Tandem Note, including accrued interest thereon, will be offset against each other, with the maker on the note that continues to have a balance due on its note, after giving effect to such offset, being then required to remit such difference to the then applicable payee.

prepayments. Maker may prepay, in whole or part, the unpaid principal balance of this Note without premium or penalty; *provided* that, together with Maker's prepayment of such principal amount, Maker shall pay all interest accrued, previously due and unpaid on the amount of such principal prepayment (as determined in accordance with the terms of this Note).

payment administration. All payments on this Note shall be received by Payee not later than 10:00 a.m. San Antonio, Texas time on the date on which such payments shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). If the due date of any payment under this Note would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and interest shall be

payable for any principal so extended for the period of such extension. All payments and prepayments on this Note shall be applied first to previously due and unpaid accrued interest, and the balance, if any, to principal; but no such payment or prepayment shall defer or delay any payment then or thereafter due on this Note.

definitions. Unless otherwise herein provided, capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement*provided*, *however*, that for purposes of this Note, the following terms shall have the respective meanings as follows:

"***Acceleration Event***" means any event so designated and described hereinafter in this Note, inclusive of cure periods and/or notice provisions, if any, expressly provided therefor.

"***Applicable Law***" means the law in effect, from time to time, applicable to the transaction evidenced by this Note that lawfully permits the receipt, contracting for, charging and collection of the highest permissible lawful, non-usurious rate of interest on this Note and the transactions evidenced hereby, and arising in connection herewith, including laws of the State of Texas and, to the extent controlling, the federal laws of the United States of America. To the extent that Applicable Law is determined by reference to Chapter 303 of the Texas Finance Code, as amended, the interest ceiling applicable hereto and in connection herewith shall be the "indicated" (weekly) rate ceiling from time to time in effect as referred to therein; *provided*, *however*, it is agreed that the terms hereof, including the rate, or index, formula or provision of law used to compute the rate in connection herewith, will be subject to the revisions as to current and future balances, from time to time, pursuant to Applicable Law. ***It is further agreed that in no event shall Chapter 346 of the Texas Finance Code, as amended, apply to this Note or the transactions evidenced thereby, and arising in connection therewith.***

"***Business Day***" means any day on which commercial banks are not required or authorized to close in San Antonio, Texas.

"***CCU***" means Clear Channel Communications, Inc., a Texas corporation, and its successors.

"***Contract Rate***" means the variable per annum rate of interest equal to the average one-month generic treasury bill rate for the applicable period, which generic treasury bill rate will be determined using the Bloomberg screen GBM<GOVT>GPO, or if such service and screen, or such rate information from such service or screen, is not available at any relevant time of determination, then "generic treasury bill rate" will be determined from such source or sources as CCU deems reasonable.

"***Credit Agreement***" means that certain Credit Agreement dated as of July 13, 2004, among CCU, certain subsidiaries of CCU as offshore borrowers, Bank of America, N.A., as administrative agent, and the lenders from time to time party thereto, as amended, supplemented, replaced, restated or otherwise modified from time to time and in effect, whether in whole or part or evidenced by one or more other agreements.

"***Maximum Rate***" means, on any day, the maximum lawful non-usurious rate of interest (if any) that, under Applicable Law, Payee is permitted or authorized to contract for, charge, collect, receive, reserve or take from or of Maker on the indebtedness evidenced by this Note from time to time in effect, including changes in such Maximum Rate attributable to changes under Applicable Law that permit a greater rate of interest to be contracted for, charged, collected, received, reserved or taken as of the effective dates of the respective changes; *provided*, *however*, to the extent that Applicable Law does not provide for such a maximum rate, then during such periods and for the purpose of the second complete paragraph of this Note, the term "Maximum Rate" shall mean a per annum rate equal to the Contract Rate plus 10%.

Terms otherwise defined herein, whether expressly, by reference or otherwise, and used herein are so used as so defined.

inter-company arrangements. This Note evidences funds from time to time transferred to the Maker, for the Maker's account, by Payee. It is contemplated that by reason of prepayments or adjustments hereon, there may be times when no indebtedness is owing hereunder; but notwithstanding such occurrences, this Note shall remain valid and shall be in full force and effect as to amounts from time to time owed by Maker to Payee under this Note subsequent to each such occurrence. The records of Maker shall be conclusive evidence, absent manifest error, of funds transferred by Payee to Maker that are evidenced hereby, the payments and other applications thereon and the outstanding unpaid amounts of principal thereof and accrued interest thereon.

defaults and related remedies. Upon the occurrence of any of the following events or occurrences, each of which is hereby designated an "***Acceleration Event***," and in addition to all other rights and remedies of Payee, **including, without limitation, the right to make demand on this Note at any time and without regard to the existence or non-existence of any event or occurrence other than the making of such demand**, and not in diminution of any other rights and remedies of the Payee, the Payee shall have the respective rights with respect to the acceleration of the maturity of this Note prior to any other date or dates specified herein:

(A) Maker fails to pay, when due, any principal hereof or accrued interest hereon; or

(B) Maker fails to comply with any other material term, condition or covenant of this Note, which has not been cured within ten (10) days following the delivery of notice of such default by the Payee to the Maker; or

(C) Maker shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against Maker seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property, and in the case of any such proceedings instituted against Maker (but not instituted by it), either such proceedings shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceedings shall occur; or the Maker shall take any action to authorize any of the actions set forth above in this clause (C);

then, upon the occurrence of any of the events or occurrences specified in the foregoingclauses (A) or (B), the Payee at its option may declare the entire outstanding and unpaid principal balance of this Note and all interest accrued and unpaid thereon, and all other earned amounts payable under this Note, to be forthwith due and payable, whereupon such principal balance of this Note, all such interest and all such other amounts, shall become and be forthwith due and payable without presentment, demand, protest, or further notice of any kind **(including, without limitation, notice of default, notice of intent to accelerate maturity and notice of acceleration of maturity)** all of which are hereby expressly waived by the Maker and, upon the occurrence on the event or occurrence specified in the foregoing clause (C), the entire outstanding and unpaid principal balance of this Note, all interest accrued and unpaid thereon, and all such other earned amounts payable under this Note, shall automatically become and be immediately due and payable, without presentment, demand, protest, or any notice of any kind **(including, without limitation, notice of default, notice of intent to accelerate maturity and notice of acceleration of maturity)**, all of which are hereby expressly waived by the Maker.

enforcement costs. If this Note is collected by suit or through the bankruptcy court, or any judicial proceeding, or if this Note is not paid at maturity, howsoever such maturity may occur, and it is placed in the hands of an attorney for collection (whether or not suit or other legal proceedings are commenced by such attorney), then Maker agrees to pay, in addition to all other amounts owing hereunder, the collection costs and reasonable attorneys' fees of Payee.

compliance with applicable law. It is the intent of Payee and Maker in the execution and performance of this Note to remain in strict compliance with Applicable Law from time to time in effect.

In furtherance thereof, Payee and Maker stipulate and agree that none of the terms and provisions contained in this Note or any other documents now or hereafter securing or otherwise relating to this Note (collectively, the "***Subject Documents***") shall ever be construed to create a contract to pay for the use, forbearance or detention of money with interest at a rate or in an amount in excess of the Maximum Rate or maximum amount of interest permitted or allowed to be contracted for, charged, received, taken or reserved under Applicable Law. For purposes of this Note and each of the other Subject Documents, "interest" shall include the aggregate of all amounts that constitute or are deemed to constitute interest under Applicable Law that are contracted for, taken, charged, reserved, received or paid under this Note or any of the other Subject Documents. Maker shall never be required to pay unearned interest and shall never be required to pay interest at a rate or in an amount in excess of the Maximum Rate or maximum amount of interest that may be lawfully contracted for, charged, received, taken or reserved under Applicable Law, and the provisions of this paragraph shall control over all other provisions of this Note and each of the other Subject Documents, that may be in actual or apparent conflict herewith. If the maturity of this Note is accelerated for any reason, or if under any other contingency the interest effective rate or amount of interest that would otherwise be payable under this Note or any of the other Subject Documents would exceed the Maximum Rate or maximum amount of interest Payee is permitted or allowed by Applicable Law to charge, contract for, take, reserve or receive, or in the event Payee shall charge, contract for, take, reserve or receive monies that are deemed to constitute interest that would, in the absence of this provision, increase the effective interest rate or amount of interest payable under this Note or any of the other Subject Documents to a rate or amount in excess of that permitted or allowed to be charged, contracted for, taken, reserved or received under Applicable Law then in effect, then the principal amount of this Note or the amount of interest that would otherwise be payable under this Note, or both, shall be reduced to the amount allowed under Applicable Law as now or hereinafter construed by the courts having jurisdiction, and all such monies so charged, contracted for, taken, reserved or received that are deemed to constitute interest in excess of the Maximum Rate or maximum amount of interest permitted by Applicable Law shall immediately be returned to or credited to the account of Maker upon such determination. Payee and Maker further stipulate and agree that, without limitation of the foregoing, all calculations of the rate or amount of interest contracted for, charged, taken, reserved or received under this Note or any of the other Subject Documents that are made for the purpose of determining whether such rate or amount exceeds the Maximum Rate, shall be made to the extent not prohibited by Applicable Law, by amortizing, prorating, allocating and spreading during the period of the full stated term of this Note, all interest hereon at any time contracted for, charged, taken, reserved or received from Maker or otherwise by Payee.

reinstatement. To the extent that the Maker makes a payment or payments to the Payee or the Payee enforces any lien, security interest, encumbrance, guaranty or claim, and such payment or payments or the proceeds of such enforcement, or any part thereof, are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or other person or entity under any law or equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all rights, remedies and liens therefor, shall be revived and shall continue in full force and effect as if such payment had not been made or such enforcement had not occurred.

certain waivers, etc. Maker and all sureties, endorsers and guarantors of this Note severally waive grace, notice of non-payment, presentment, demand, presentment for payment, protest, notice of protest, notice of dishonor or default, **notice of intent to accelerate maturity, notice of acceleration of maturity**and all other such notices, filing of suit and diligence in collecting and bringing suit on this Note or enforcing any of the security herefor, and agree to any substitution, exchange or release of any such security, the release of any party primarily or secondarily liable hereon and further agree that it will not be necessary for Payee, in order to enforce payment of this Note, to first institute suit or exhaust its remedies against any security herefor, and consent to any one or more extensions, renewals, rearrangements, partial payments, or postponements of time of payment of this Note on any terms or any other indulgences with respect hereto, without notice thereof to any of them. The nonexercise or delay by Payee of any of its rights, remedies or powers hereunder or with respect hereto in any particular instance shall not constitute a waiver thereof in that or any subsequent instance. Neither a single or partial exercise of any such right, remedy or power by the Payee, nor any abandonment or discontinuance of steps to enforce such right, remedy or power, shall preclude any other or further exercise thereof or the exercise of any other right,

remedy or power. No course of dealing between the Payee and the Maker shall operate as a waiver of any right, remedy or power of the Payee.

margin compliance. Further, the Maker warrants and represents to the Payee that no amounts advanced or borrowed hereunder shall be used for the purchase or carrying, directly or indirectly, of any "margin stock" within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System. Further, Maker covenants that it will not take or permit any action that would involve the Payee in a violation of any of the foregoing Regulations or a violation of the Securities Exchange Act of 1934, as amended, in each case as now or hereafter in effect.

governing law. This Note shall be governed by, and construed in accordance with, the internal laws of the State of Texas and, to the extent controlling, applicable federal laws of the United States of America; ***provided, however, in no event shall Chapter 346 of the Texas Finance Code, as amended and in effect, apply to this Note or any transaction provided herein or contemplated hereby***.

{Signature Page Follows}

IN WITNESS WHEREOF, Maker has executed and delivered this Note effective as of the date and year first written above.

CLEAR CHANNEL COMMUNICATIONS, INC.

By: /s/ Mark P. Mays
Name: Mark P. Mays
Title: President and Chief Executive Officer

Cash Management Note: Maker – CCO

EXHIBIT 11 – Computation of Per Share Earnings

(In thousands, except per share data)	2005	2004	2003
NUMERATOR:			
Income (loss) before cumulative effect of a change in accounting principle	$ 61,573	$ 7,478	$ (34,993)
Cumulative effect of a change in accounting principle	¾	(162,858)	¾
Net income (loss)	61,573	(155,380)	(34,993)
Effect of dilutive securities:			
None	¾	¾	¾
Numerator for net income (loss) per common share - diluted	$ 61,573	$ (155,380)	$ (34,993)
DENOMINATOR:			
Weighted average common shares	319,890	315,000	315,000
Effect of dilutive securities:			
Stock options and restricted stock awards	31	¾	¾
Denominator for net income (loss) per common share - diluted	319,921	315,000	315,000
Net income (loss) per common share:			
Income before cumulative effect of a change in accounting principle — Basic	$ .19	$ .02	$ (.11)
Cumulative effect of a change in accounting principle — Basic	¾	(.52)	¾
Net income (loss) — Basic	$ .19	$ (.50)	$ (.11)
Income before cumulative effect of a change in accounting principle — Diluted	$ .19	$ .02	$ (.11)
Cumulative effect of a change in accounting principle — Diluted	¾	(.52)	¾
Net income (loss) — Diluted	$ .19	$ (.50)	$ (.11)

EXHIBIT 21 — Subsidiaries of Registrant, Clear Channel Outdoor Holdings, Inc.

Name	State of Incorporation
1567 Media, LLC	DE
50 2027Th Street LIC, Inc.	NY
701 W. 135th Corp	NY
Clear Channel Adshel, Inc.	DE
Clear Channel Brazil Holdco, LLC	DE
Clear Channel Digital Mall Networks, LLC	DE
Clear Channel LA, LLC	DE
Clear Channel Outdoor Holdings Company Canada	DE
(FKA Eller Holdings Company Canada)	
Clear Channel Spectacolor, LLC	DE
Clear Channel Taxi Advertising, Corp	NY
Clear Channel Taxi Media, LLC	DE
Eller Taxi TV, LLC	DE
Eltex Investment Corp.	DE
Exceptional Outdoor, Inc.	FL
Interstate Bus Shelter, Inc.	PA
Keller Booth Sumners JV	TX
Kelnic II JV	DE
Outdoor Management Services, Inc.	NV
Shelter Advertising Of America, Inc.	DE
Transportation Media Of Texas JV	TX

Name	Country Of Incorporation
Adcart AB	Sweden
Adshel (Brazil) Ltda	Brazil
Adshel Argentina	Argentina
Adshel Ireland Limited	Ireland
Adshel Ltd.	United Kingdom
Adshel Ltda	Brazil
Adshel NI Ltd.	United Kingdom
Affitalia	Italy
Allied Outdoor Advertising Ltd.	United Kingdom
Arcadia Cooper Properties Ltd.	United Kingdom
Aristex	Estonia
Barnett And Son Ltd.	United Kingdom
Bk Studi BV	Netherlands
BPS London Ltd.	United Kingdom
BPS Ltd.	United Kingdom
C.F.D. Billboards Ltd.	United Kingdom
CC Cayco Ltd.	Cayman Islands

Name	Country Of Incorporation
Cc Haidemenos Hellas Societe Anonyme	Greece
CC International BV	Netherlands
CC International Holdings BV	Netherlands
CC LP BV	Netherlands
CC Netherlands BV I.O.	Netherlands
CCO Ontario Holding, Inc.	Canada
China Outdoor Media Investment (HK) Co., Ltd.	Hong Kong
China Outdoor Media Investment, Inc.	British Virgin Islands
City Lights Ltd.	United Kingdom
Clear Channel Adshel AS	Norway
Clear Channel Airport Pte Ltd	Singapore
Clear Channel Baltics & Russia Limited	Russia
Clear Channel Baltics And Russia AB	Sweden
Clear Channel Banners Limited	United Kingdom
Clear Channel Belgium SA	Belgium
Clear Channel Brazil Holding Ltda.	Brazil
Clear Channel Communications India Pvt Ltd	India
Clear Channel CP III BV	Netherlands
Clear Channel CP IV BV	Netherlands
Clear Channel CV	Netherlands
Clear Channel Danmark A/S	Denmark
Clear Channel Espectaculos	Spain
Clear Channel Estonia A/S	Estonia
Clear Channel European Holdings SAS	France
Clear Channel Finland	Sweden
Clear Channel France	France
Clear Channel Hillenaar BV	Netherlands
Clear Channel Holding AG	Switzerland
Clear Channel Holding Italia	Italy
Clear Channel Holdings CV	Netherlands
Clear Channel Holdings, Ltd.	United Kingdom
Clear Channel Hong Kong Ltd.	Hong Kong
Clear Channel Ireland Ltd.	Ireland
Clear Channel Italy Outdoor SRL	Italy
Clear Channel Jolly Pubblicita	Italy
Clear Channel KNR Neth Antilles NV	Netherlands Antilles
Clear Channel Latvia	Latvia
Clear Channel Lietuva	Lithuania
Clear Channel More France SA	France
Clear Channel NI Ltd.	United Kingdom
Clear Channel Norway AS	Norway
Clear Channel Outdoor Mexico, Servicious Corporativos, SA de CV	Mexico
Clear Channel Outdoor Company Canada	Canada
Clear Channel Outdoor Limited	United Kingdom

Name	Country Of Incorporation
Clear Channel Outdoor Mexico SA de CV	Mexico
Clear Channel Outdoor Mexico, Operaciones SA de CV	Mexico
Clear Channel Outdoor Mexico, Servicios Administrativos, SA de CV	Mexico
Clear Channel Outdoor Spanish Holdings S.L.	Spain
Clear Channel Overseas Ltd.	United Kingdom
Clear Channel Pacific	Singapore
Clear Channel Plakanda GmbH	Switzerland
Clear Channel Poland Sp.Z.O.O.	Poland
Clear Channel Sales AB	Sweden
Clear Channel Sao Paulo Participacoes Ltda	Brazil
Clear Channel Singapore	Singapore
Clear Channel Solutions	United Kingdom
Clear Channel South Africa Invest. Pty Ltd.	South Africa
Clear Channel South America S.A.C.	Peru
Clear Channel Sverige AB	Sweden
Clear Channel Tanitim Ve Lierisin AS	Turkey
Clear Channel UK Ltd	United Kingdom
Clear Media Limited	Bermuda
Comurben SA	Morocco
Dauphin Adshel	France
Defi Asia	Hong Kong
Defi Beijing Signage	China
Defi Belgique	Belgium
Defi Deutschland GmbH	Germany
Defi France SAS	France
Defi Group Asia	Hong Kong
Defi Group SAS	France
Defi Italia	Italy
Defi Neolux	Portugal
Defi Pologne	Poland
Defi Reklam	Hungary
Defi Russie	Russia
Defi Ukraine	Ukraine
Dolis	Netherlands
Eirtam Reklaam LIC	Estonia
Eller Holding Company Cayman I	Cayman Islands
Eller Holding Company Cayman II	Cayman Islands
Eller Media Asesarris Y Comercializacion Publicataria	Chile
Eller Media Servicios Publicitarios Ltd	Chile
Epiclove Ltd.	United Kingdom
Equipamientos Urbanos de Canarias SA	Spain
Expoplakat Ltd.	Sweden
Foxmark	United Kingdom
France Bus	France

Name	Country Of Incorporation
France Rail Publicite	France
Giganto Holding Cayman	Cayman Islands
Giganto Outdoor	Chile
Grosvenor Advertising Ltd.	United Kingdom
Hainan Whitehorse Outdoor Advertising Media Investment Ltd.	Hong Kong
Hillenaar Outdoor Advertising BV	Netherlands
Hillenaar Services BV	Netherlands
Iberdefi (Espagne)	Spain
Idea Piu	Poland
Illuminated Awnings Systems Ltd.	Ireland
Infotrak SA	Switzerland
Interpubli Werbe	Switzerland
Kms Advertising Ltd.	United Kingdom
L “Efficience Publicitaire SA	Belgium
L & C Outdoor Comunicacao Visual Ltda.	Brazil
Landimat	France
Mars Reklam Ve Producksiyon AS	Turkey
Maurice Stam Ltd	United Kingdom
Metrabus	Belgium
Ming Wai	British Virgin Islands
Mof Adshel Ltd.	United Kingdom
More Communications Ltd.	United Kingdom
More Group Australia Pty Ltd.	Australia
More Media Ltd.	United Kingdom
More O’Ferral Ltd.	United Kingdom
More O’Ferrall Ireland Ltd.	Ireland
Morebus Ltd.	United Kingdom
Multimark Ltd.	United Kingdom
Nitelites (Ireland) Ltd.	Ireland
Nueva Leon	Mexcio
Outdoor Advertising BV	Netherlands
Outdoor CCWI BV	Netherlands
Outdoor International Holdings BV	Netherlands
Outstanding Media I Norge AS	Norway
Outstanding Media Stockholm AB	Sweden
Paneles Napsa. S.A.	Peru
Parkin Advertising	United Kingdom
Plakanda Aida GmbH	Switzerland
Plakanda Awi AG	Switzerland
Plakanda GmbH	Switzerland
Plakanda Management AG	Switzerland
Plakanda Ofex AG	Switzerland
Plakatron AG	Switzerland
Planos AIE	Spain

Name	Country Of Incorporation
Postermobile Advertising Ltd.	United Kingdom
Postermobile PLC	United Kingdom
Procom	Chile
Pubbli A	Italy
Publicidade Klimes Sao Paulo Ltda	Brazil
Racklight	Mexico
Regentfile Ltd.	United Kingdom
Rockbox Ltd.	United Kingdom
Safir Publicite	France
Score Ltd.	United Kingdom
Score Outdoor (Midlands)	United Kingdom
Score Outdoor (N. West) Ltd.	United Kingdom
Score Outdoor (S. West)	United Kingdom
Score Outdoor (Scotland) Ltd	Scotland
Signways Ltd.	United Kingdom
Simon	Sweden
Sirocco International S.A.	France
Sites International	United Kingdom
Sn Mainosrinteet OY	Finland
Sviluppo & Pubblicita Srl	Italy
Taxi Media Holdings Ltd.	United Kingdom
Taxi Media Ltd.	United Kingdom
Team Relay	United Kingdom
The Canton Property Co. Ltd.	United Kingdom
The Kildoon Property Co. Ltd.	United Kingdom
Torpix Ltd.	United Kingdom
Town & City Posters Advertising. Ltd.	United Kingdom
Tracemotion Ltd.	United Kingdom
Trainer Advertising	United Kingdom
Urbasur	Spain
Van Wagner France SAS	France
Vision Posters	United Kingdom
Werab Werbung Hugo Wrage GmbH & Co KG	Germany
Williams Display Excellence AB	Sweden

EXHBIT 23.1 — CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM — ERNST & YOUNG LLP

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-130229) pertaining to the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan of our report dated March 9, 2006, with respect to the consolidated and combined financial statements and schedule of Clear Channel Outdoor Holdings, Inc. and subsidiaries ncluded in the Annual Report (Form 10-K) for the year ended December 31, 2005.

/s/ ERNST & YOUNG LLP

San Antonio, Texas
March 9, 2006

EXHIBIT 31.1 — CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark P Mays, Chief Executive Officer of Clear Channel Outdoor Holdings, Inc. certify that:

1. I have reviewed this Annual Report on Form 10-K of Clear Channel Outdoor Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) (Intentionally omitted)

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(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 the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2006

/s/ MARK P MAYS
Mark P. Mays
Chief Executive Officer

EXHIBIT 31.2 — CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Randall T. Mays, Chief Financial Officer of Clear Channel Outdoor Holdings, Inc. certify that:

1. I have reviewed this Annual Report on Form 10-K of Clear Channel Outdoor Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) (Intentionally omitted)

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(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 the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2006

/s/ RANDALL T. MAYS
Randall T. Mays
Chief Financial Officer

EXHIBIT 32.1 – CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Annual Report on Form 10-K (the "Form 10-K") for the year ended December 31, 2005 of Clear Channel Outdoor Holdings, Inc. (the "Issuer"). The undersigned hereby certifies that the Form 10-K fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: March 29, 2006

By: /s/ MARK P. MAYS

Name: Mark P. Mays
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Issuer and will be furnished to the Securities and Exchange Commission, or its staff, upon request.

EXHIBIT 32.2 – CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Annual Report on Form 10-K (the "Form 10-K") for the year ended December 31, 2005 of Clear Channel Outdoor Holdings, Inc. (the "Issuer"). The undersigned hereby certifies that the Form 10-K fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Dated: March 29, 2006

By: /s/ RANDALL T. MAYS
Name: Randall T. Mays
Title: Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Issuer and will be furnished to the Securities and Exchange Commission, or its staff, upon request.