
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 7, 2019 (May 1, 2019)

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-32663
(Commission
File Number)

88-0318078
(I.R.S. Employer
Identification No.)

20880 Stone Oak Parkway
San Antonio, Texas 78258
(Address of principal executive offices)

Registrant's telephone number, including area code: (210) 832-3700

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	"CCO"	New York Stock Exchange

Explanatory Note

On May 2, 2019, Clear Channel Outdoor Holdings, Inc. (formerly known as Clear Channel Holdings, Inc.) (the “Company”) filed a Current Report on Form 8-K (the “Initial Form 8-K”) to report certain matters related to the completion of the merger (the “Merger”) of Clear Channel Outdoor Holdings, Inc. (“Old CCOH”) with and into the Company, with the Company surviving the Merger and changing its name to Clear Channel Outdoor Holdings, Inc., and the separation of the business of the Company from iHeartMedia, Inc. (“iHeartMedia”) and its subsidiaries in conjunction with iHeartMedia’s emergence from bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code. All of these transactions occurred on May 1, 2019.

The Initial Form 8-K omitted the historical carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 and the unaudited pro forma carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and the year ended December 31, 2018.

This Amendment No. 1 to the Initial Form 8-K is being filed to provide (a) the historical carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 and (b) the unaudited pro forma carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and the year ended December 31, 2018.

This Amendment No. 1 to the Initial Form 8-K is also being filed to: (1) correct the composition of the Compensation Committee of the Company’s board of directors to indicate that Joe Marchese serves on the Compensation Committee, not W. Benjamin Moreland, (2) correct the description of the employment agreement with Jason Dilger and (3) correct the description of the director compensation program to state that the first annual equity grants will be made in 2019, with vesting prior to the subsequent year’s annual meeting of stockholders. Accordingly, Item 5.02 is restated in its entirety, as set forth below.

The Initial Form 8-K, as amended by this Amendment No. 1, otherwise remains the same. No other information contained in any Item of the Report is being amended, updated or otherwise revised.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Board of Directors

The election of the following individuals to the Company’s board of directors, as described in the Information Statement/Prospectus of the Company, included in the Registration Statement on Form S-4 (Registration No. 333-228986) (the “Information Statement/Prospectus”), became effective upon the consummation of the Merger on May 1, 2019:

Name	Age	Class
C. William Eccleshare	63	II
John Dionne	55	I
Lisa Hammitt	56	II
Andrew Hobson	57	I
Thomas C. King	58	III
Joe Marchese	37	I
W. Benjamin Moreland	55	III
Mary Teresa Rainey	63	II
Jinhy Yoon	47	III

Mr. Moreland will serve as the Chairman of the board of directors. In addition, the following directors will serve on the following standing committees of the board of directors:

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee
John Dionne	✓		✓
Lisa Hammitt		✓	✓
Andrew Hobson	✓ (Chair)		
Thomas C. King		✓ (Chair)	
Joe Marchese		✓	✓
W. Benjamin Moreland			
Mary Teresa Rainey	✓		✓ (Chair)

Pursuant to the Merger Agreement, Vicente Piedrahita, Dale W. Tremblay, Blair E. Hendrix, Harvey L. Tepner, Daniel G. Jones, Olivia Sabine and Paul Keglevic, tendered their resignations from the board of directors of Old CCOH effective upon the consummation of the Merger on May 1, 2019.

Executive Officers

The following individuals were appointed (or re-appointed) as executive officers of the Company in the capacities set forth opposite of their names below, effective upon the consummation of the Merger on May 1, 2019:

Name	Age	Title
C. William Eccleshare	63	Chief Executive Officer—Worldwide and President
Brian D. Coleman	53	Chief Financial Officer and Treasurer
Scott R. Wells	50	Executive Vice President and Chief Executive Officer of the Americas Division
Lynn A. Feldman	50	Executive Vice President, General Counsel and Secretary
Jason A. Dilger	46	Senior Vice President and Chief Accounting Officer

Biographical information about the Company's executive officers, other than Mr. Dilger, is included in the Information Statement/Prospectus. Biographical information about Mr. Dilger is set forth below:

Jason A. Dilger was appointed as Chief Accounting Officer of the Company on May 1, 2019. Mr. Dilger previously served as Senior Vice President – Accounting for Clear Channel Outdoor Americas since August 2011. Prior to that role, Mr. Dilger served as Corporate Controller of Sinclair Broadcast Group from 2006 to 2011. Prior thereto, Mr. Dilger served in various accounting and finance roles at Municipal Mortgage & Equity from 2004 to 2006. Mr. Dilger began his career in public accounting with nearly a decade of experience at Arthur Andersen and Ernst & Young. Mr. Dilger earned his B.S. in Accounting from the University of Delaware.

Pursuant to the Merger Agreement, Robert W. Pittman (Chief Executive Officer of Old CCOH), Richard J. Bressler (Chief Financial Officer of Old CCOH), Steven J. Macri (Senior Vice President—Corporate Finance of Old CCOH), Scott D. Hamilton (Senior Vice President, Chief Accounting Officer and Assistant Secretary of Old CCOH) and Robert H. Walls, Jr. (Executive Vice President, General Counsel and Secretary of Old CCOH) tendered their resignations as executive officers of the Company, effective upon consummation of the Merger on May 1, 2019.

Employment Agreements

Brian D. Coleman

On May 1, 2019, the Company and Brian D. Coleman entered into an Employment Agreement (the “Coleman Employment Agreement”). The Coleman Employment Agreement superseded and replaced Mr. Coleman's existing employment agreement.

The initial term of the Coleman Employment Agreement will end on April 30, 2023, and thereafter will extend for additional three year periods unless the Company or Mr. Coleman provides written notice of non-renewal (“Notice of Non-Renewal”) of the Coleman Employment Agreement between October 1st and November 1st (the “Notice of Non-Renewal Period”) prior to the end of the then applicable employment period. Under the Coleman Employment Agreement, Mr. Coleman will receive an annual base salary of \$650,000 and a one-time signing bonus of \$12,500.

During the term of the Coleman Employment Agreement, Mr. Coleman is eligible to receive (i) an annual performance bonus with a target of not less than 100% of his base salary based on applicable performance goals to be set by the Company, (ii) a one-time long-term incentive opportunity with an approximate value of \$500,000, to be allocated between stock options and restricted shares of Common Stock at the discretion of the Compensation Committee and (iii) additional long-term incentive opportunities, with an approximate value of \$300,000 per award, to be allocated between stock options and restricted shares of Common Stock at the discretion of the Compensation Committee. Mr. Coleman is also eligible to participate in various benefit programs provided by the Company on the same terms and conditions as they are made available to other similarly situated employees.

The Company may elect at any time prior to the Notice of Non-Renewal Period to place Mr. Coleman in a consulting status for twelve months (a "Consulting Period"). During a Consulting Period, Mr. Coleman will also be allowed the discretion to accept and perform non-competitive services, but his eligibility to participate in certain benefit plans may change or be terminated in accordance with such benefit plans, and any vacation benefits, long-term incentive awards or options shall not continue to vest or accrue. A Consulting Period under the Coleman Employment Agreement is coextensive with and may extend the term of Mr. Coleman's employment under the Coleman Employment Agreement, after which such employment period shall end.

If Mr. Coleman's employment agreement is terminated by the Company for Cause (as defined in the Coleman Employment Agreement), the Company must pay Mr. Coleman his accrued and unpaid base salary and any payments required under applicable employee benefit plans (the "Benefit Plan Payments"). If Mr. Coleman provides Notice of Non-Renewal, the Company must pay Mr. Coleman his accrued and unpaid base salary, any Benefit Plan Payments and, if Mr. Coleman executes a severance agreement and general release of claims in a form satisfactory to the Company, an amount equal to Mr. Coleman's pro-rata base salary through the end of the then current employment period. If the Coleman Employment Agreement is terminated by the Company without Cause, the Company provides Notice of Non-Renewal or Mr. Coleman terminates the Coleman Employment Agreement for Good Cause (as defined in the Coleman Employment Agreement), the Company must pay Mr. Coleman his accrued and unpaid base salary, his unpaid prior year bonus (if any), any Benefit Plan Payments and, if Mr. Coleman executes a severance agreement, an amount equal to Mr. Coleman's current base salary for twelve months and a pro-rata portion of his annual bonus. Mr. Coleman will not be entitled to execute a severance agreement if Mr. Coleman's employment terminates during a Consulting Period.

During Mr. Coleman's employment with the Company and for 12 months thereafter, Mr. Coleman is subject to non-competition, non-interference and non-solicitation covenants substantially consistent with our other senior executives. Mr. Coleman also is subject to customary confidentiality, work product and trade secret provisions.

The foregoing description of the Coleman Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Coleman Employment Agreement, a copy of which was filed as Exhibit 10.5 to the Initial Form 8-K and is incorporated herein by reference.

Jason A. Dilger

On May 1, 2019, the Company and Jason A. Dilger entered into an Employment Agreement (the "Dilger Employment Agreement"). The Dilger Employment Agreement superseded and replaced Mr. Dilger's existing employment agreement.

The initial term of the Dilger Employment Agreement will end on April 30, 2022 and thereafter will automatically extend for additional three year periods unless the Company or Mr. Dilger provides Notice of Non-Renewal during the Notice of Non-Renewal Period prior to the end of the then applicable employment period. Under the Dilger Employment Agreement, Dilger will receive an annual base salary of \$370,000.

During the term of the Dilger Employment Agreement, Mr. Dilger is eligible to receive (i) an annual performance bonus with a target of not less than 60% of his base salary based on applicable performance goals to be set by the Company and (ii) long term incentive opportunities with an approximate value of at least \$125,000 per award, to be allocated between stock options and restricted shares of Common Stock of the Company at the discretion of the Compensation Committee. Mr. Dilger is also eligible to participate in various benefit programs provided by the Company on the same terms and conditions as they are made available to other similarly situated employees.

The Company may elect at any time prior to the Notice of Non-Renewal Period to place Mr. Dilger in a Consulting Period. During a Consulting Period, Mr. Dilger will also be allowed the discretion to accept and perform non-competitive services, but his eligibility to participate in certain benefit plans may change or be terminated in accordance with such benefit plans, and any vacation benefits, long-term incentive awards or options shall not continue to vest or accrue. A Consulting Period under the Dilger Employment Agreement is coextensive with and may extend the term of Mr. Dilger's employment under the Dilger Employment Agreement, after which such employment period shall end.

If Mr. Dilger's employment agreement is terminated by the Company for Cause (as defined in the Dilger Employment Agreement) the Company must pay Mr. Dilger his accrued and unpaid base salary and any Benefit Plan Payments. If Mr. Dilger provides Notice of Non-Renewal, the Company must pay Mr. Dilger his accrued and unpaid base salary, any Benefit Plan Payments and, if Mr. Dilger executes a severance agreement and general release of claims in a form satisfactory to the Company, an amount equal to Mr. Dilger's pro-rata base salary through the end of the then current employment period. If the Dilger Employment Agreement is terminated by the Company without Cause or the Company provides Notice of Non-Renewal, the Company must pay Mr. Dilger his accrued and unpaid base salary, any Benefit Plan Payments and, if Mr. Dilger executes a severance agreement, an amount equal to Mr. Dilger's current base salary for twelve months and a pro-rata portion of his annual bonus. Mr. Dilger will not be entitled to execute a severance agreement if Mr. Dilger's employment terminates during a Consulting Period.

During the term of Mr. Dilger's employment and for 12 months thereafter, Mr. Dilger is subject to non-competition, non-interference and non-solicitation covenants substantially consistent with the Company's other senior executives. Mr. Dilger also is subject to customary confidentiality, work product and trade secret provisions.

The foregoing description of the Dilger Employment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Dilger Employment Agreement, a copy of which was filed as Exhibit 10.6 to the Initial Form 8-K and is incorporated herein by reference.

Lynn A. Feldman

On the Effective Date, Lynn A. Feldman and the Company entered into the First Amendment to Employment Agreement (the "First Feldman Amendment") to Ms. Feldman's employment agreement dated June 27, 2016 (the "Prior Feldman Employment Agreement"). Pursuant to the terms of the First Feldman Amendment, among other things, (1) Ms. Feldman's title and position is amended to be "Executive Vice President, General Counsel and Corporate Secretary" of the Company; (2) Ms. Feldman's base salary is increased to \$500,000, (3) Ms. Feldman's bonus target for purposes of her annual bonus is increased to 80% of her base salary, (4) Ms. Feldman will receive a one-time long-term incentive award with an approximate value of \$200,000, such award to be allocated between stock options and restricted shares of Common Stock at the discretion of the Compensation Committee and (5) Ms. Feldman will receive a one-time lump sum signing bonus of \$17,500.

The foregoing description of the Feldman First Amendment Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Feldman First Amendment, a copy of which was filed as Exhibit 10.7 to the Initial Form 8-K and is incorporated herein by reference.

Indemnification Agreements

In connection with their appointment, each director of the Company entered into an indemnification agreement with the Company, effective as of the Effective Date. Subject to certain limitations, the indemnification agreements provide that the Company will indemnify and hold harmless each director (each, an "Indemnified Party") to the fullest extent permitted by applicable law from and against all losses, costs, liabilities, judgments, penalties, fines, expenses and other charges that may result or arise in connection with such Indemnified Party serving in his or her capacity as a director or officer of the Company or serving at the request of the Company as a director, officer, employee, fiduciary or agent of another Outdoor Group entity (the "Corporate Status") (other than any proceeding brought by the Indemnified Party). The indemnification agreements will further provide that, upon an Indemnified Party's request, the Company will, to the fullest extent permitted by law, advance to, reimburse or pay on behalf of, the Indemnified Party, all expenses paid or incurred by the Indemnified Party in connection with any proceeding in which the Indemnified Party participates by reason of the Indemnified Party's Corporate Status. Pursuant to the indemnification agreements, an Indemnified Party is presumed to be entitled to indemnification and the Company has the burden of proving otherwise.

The indemnification agreements will also require the Company to maintain in full force and effect directors' liability insurance on the terms described in the indemnification agreements. If indemnification under the indemnification agreements is unavailable to an Indemnified Party for any reason, the Company, in lieu of indemnifying the Indemnified Party, will contribute to any amounts incurred by the Indemnified Party in connection with any claim relating to an indemnifiable event in such proportion as is deemed fair and reasonable in light of all of the circumstances to reflect the relative benefits received or relative fault of the parties in connection with such event.

The form of Indemnification Agreement was filed as Exhibit 10.8 to the Initial Form8-K and is incorporated herein by reference.

Director Compensation Program

On April 30, 2019, our board of directors approved a director compensation program for independent directors providing for an annual retainer of \$75,000 in cash and \$150,000 in equity (provided that the first of such annual equity grants will be \$100,000 in equity and \$150,000 in equity thereafter). The equity will be in the form of restricted stock units ("RSUs") and will be granted annually beginning in 2019, with vesting prior to the subsequent year's annual meeting of stockholders. Directors have the option to choose to receive up to 100% of their retainer in RSUs.

Non-employee directors will not receive additional fees for meeting attendance. The Chair of our board of directors (as long as the Chair is not an employee) will receive an annual fee of \$50,000, the Chair of the Audit Committee will receive an annual fee of \$25,000, the Chair of the Compensation Committee will receive an annual fee of \$20,000 and the Chair of the Nominating and Corporate Governance Committee will receive an annual fee of \$10,000. Members of the Audit Committee (other than the Chair) will receive an annual fee of \$15,000, members of the Compensation Committee (other than the Chair) will receive an annual fee of \$10,000 and members of the Nominating and Corporate Governance Committee (other than the Chair) will receive an annual fee of \$7,500.

The director compensation program contemplates, and the Compensation Committee intends to make, an initial grant of \$100,000 of RSUs to each of the non-employee directors soon after the Effective Date.

Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired

The historical carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of December 31, 2018 and 2017 and for the three years ended December 31, 2018 were included in the definitive Information Statement/Prospectus of the Company, included in the Registration Statement on Form S-4 (Registration No. 333-228986), and are incorporated herein by reference.

The historical carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018 are attached as Exhibit 99.2 to this Current Report on Form 8-K, and are incorporated herein by reference.

(b) Pro Forma Financial Information

The unaudited pro forma carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and the year ended December 31, 2018 are attached as Exhibit 99.3 to this Current Report on Form 8-K, and are incorporated herein by reference.

(d) Exhibits

Exhibit No.	Description
99.2	<u>The historical carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and 2018.</u>
99.3	<u>The unaudited pro forma carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. as of March 31, 2019 and for the three months ended March 31, 2019 and the year ended December 31, 2018.</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

Date: May 7, 2019

By: /s/ Brian D. Coleman

Brian D. Coleman
Chief Financial Officer

**CARVE-OUT BALANCE SHEETS
OF THE OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.**

<i>(In thousands)</i>	March 31, 2019 (Unaudited)	December 31, 2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 170,510	\$ 182,456
Accounts receivable, net of allowance of \$24,465 in 2019 and \$24,224 in 2018	636,520	706,309
Prepaid expenses	60,286	95,734
Other current assets	31,642	31,301
Total Current Assets	898,958	1,015,800
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,014,688	1,053,016
Other property, plant and equipment, net	229,872	235,922
INTANGIBLE ASSETS AND GOODWILL		
Indefinite-lived intangibles	971,163	971,163
Other intangibles, net	249,184	252,862
Goodwill	702,819	706,003
OTHER ASSETS		
Operating lease right-of-use assets	2,004,486	—
Due from iHeartCommunications, net of allowance of \$855,648 in 2019 and 2018	154,758	154,758
Other assets	99,706	132,504
Total Assets	<u>\$ 6,325,634</u>	<u>\$ 4,522,028</u>
CURRENT LIABILITIES		
Accounts payable	\$ 105,026	\$ 113,714
Current operating lease liabilities	366,433	—
Accrued expenses	471,194	530,823
Deferred revenue	103,239	85,052
Current portion of long-term debt	234	227
Total Current Liabilities	1,046,126	729,816
Long-term debt	5,293,405	5,277,108
Noncurrent operating lease liabilities	1,668,558	—
Due to iHeartCommunications, post iHeart Chapter 11 Cases	73,747	21,591
Deferred income taxes	323,460	335,015
Other long-term liabilities	176,168	260,150
Commitments and Contingent liabilities (Note 6)		
COMPANY DEFICIT		
Noncontrolling interest	155,027	160,362
Majority owner's net investment	(2,065,333)	(1,917,525)
Accumulated other comprehensive loss	(345,524)	(344,489)
Total Company Deficit	(2,255,830)	(2,101,652)
Total Liabilities and Company Deficit	<u>\$ 6,325,634</u>	<u>\$ 4,522,028</u>

See Notes to Carve-out Financial Statements

**CARVE-OUT STATEMENTS OF COMPREHENSIVE LOSS
OF THE OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
(UNAUDITED)**

	Three Months Ended March 31,	
	2019	2018
<i>(In thousands)</i>		
Revenue	\$ 587,116	\$ 598,398
Operating expenses:		
Direct operating expenses (excludes depreciation and amortization)	347,827	361,289
Selling, general and administrative expenses (excludes depreciation and amortization)	122,966	127,408
Corporate expenses (excludes depreciation and amortization)	28,614	35,435
Depreciation and amortization	75,076	84,060
Other operating expense, net	(3,522)	(54)
Operating income (loss)	9,111	(9,848)
Interest expense	114,863	97,264
Equity in earnings (loss) of nonconsolidated affiliates	(207)	188
Loss on extinguishment of debt	(5,474)	—
Other income (expense), net	(358)	19,453
Loss before income taxes	(111,791)	(87,471)
Income tax expense	(57,763)	(45,367)
Net loss	(169,554)	(132,838)
Less amount attributable to noncontrolling interest	(5,387)	(4,416)
Net loss attributable to the majority owners of the Outdoor Business of CCH	<u>\$(164,167)</u>	<u>\$(128,422)</u>
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	2,549	6,782
Other comprehensive income	2,549	6,782
Comprehensive loss	(161,618)	(121,640)
Less amount attributable to noncontrolling interest	3,584	5,236
Comprehensive loss attributable to the majority owners of the Outdoor Business of CCH	<u><u>\$(165,202)</u></u>	<u><u>\$(126,876)</u></u>

See Notes to Carve-out Financial Statements

**CARVE-OUT STATEMENTS OF CHANGES IN COMPANY DEFICIT
OF THE OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
(UNAUDITED)**

<i>(In thousands)</i>	Majority Owner's Net Investment	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balances at December 31, 2018	\$(1,917,525)	\$ (344,489)	\$ 160,362	\$(2,101,652)
Net loss	(164,167)	—	(5,387)	(169,554)
Adoption of ASC 842, Leases	14,613	—	—	14,613
Exercise of stock options and other	64	—	—	64
Share-based payments	1,682	—	152	1,834
Dividends and other payments to noncontrolling interests	—	—	(3,684)	(3,684)
Other comprehensive income (loss)	—	(1,035)	3,584	2,549
Balances at March 31, 2019	<u>\$(2,065,333)</u>	<u>\$ (345,524)</u>	<u>\$ 155,027</u>	<u>\$(2,255,830)</u>

<i>(In thousands)</i>	Majority Owner's Net Investment	Accumulated Other Comprehensive Loss	Non-controlling Interest	Total
Balances at December 31, 2017	\$(1,675,240)	\$ (340,094)	\$ 157,040	\$(1,858,294)
Net loss	(128,422)	—	(4,416)	(132,838)
Exercise of stock options and other	(17)	—	—	(17)
Share-based payments	1,800	—	306	2,106
Dividends and other payments to noncontrolling interests	—	—	(97)	(97)
Dividends declared and paid	(29,995)	—	—	(29,995)
Other	(1,435)	1,435	—	—
Other comprehensive income	—	1,546	5,236	6,782
Balances at March 31, 2018	<u>\$(1,833,309)</u>	<u>\$ (337,113)</u>	<u>\$ 158,069</u>	<u>\$(2,012,353)</u>

See Notes to Carve-out Financial Statements

CARVE-OUT STATEMENTS OF CASH FLOWS
OF THE OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
(UNAUDITED)

(In thousands)

	Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (169,554)	\$ (132,838)
Reconciling items:		
Depreciation and amortization	75,076	84,060
Deferred taxes	(13,957)	16,911
Provision for doubtful accounts	1,846	1,686
Amortization of deferred financing charges and note discounts, net	2,636	2,628
Share-based compensation	1,834	2,106
(Gain) loss on disposal of operating and other assets	3,409	(188)
Equity in (earnings) loss of nonconsolidated affiliates	207	(188)
Loss on extinguishment of debt	5,474	—
Foreign exchange transaction gain	(564)	(19,600)
Other reconciling items, net	(1,648)	(969)
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Decrease in accounts receivable	69,249	36,317
Increase in prepaid expenses and other current assets	(26,258)	(38,423)
Decrease in accrued expenses	(23,023)	(25,432)
Increase (decrease) in accounts payable	(7,829)	30,574
Increase in accrued interest	9,440	8,491
Increase in deferred income	18,321	47,384
Changes in other operating assets and liabilities	7,661	(7,493)
Net cash provided by (used for) operating activities	\$ (47,680)	\$ 5,026
Cash flows from investing activities:		
Purchases of property, plant and equipment	(28,173)	(28,672)
Proceeds from disposal of assets	601	1,281
Change in other, net	(4)	134
Net cash used for investing activities	\$ (27,576)	\$ (27,257)
Cash flows from financing activities:		
Proceeds from long-term debt	2,235,000	—
Payments on long-term debt	(2,200,054)	(155)
Net transfers from iHeartCommunications	52,156	60,677
Dividends and other payments to noncontrolling interests	(69)	(97)
Dividends paid	(4)	(29,910)
Debt issuance costs	(26,752)	—
Change in other, net	63	(16)
Net cash provided by financing activities	\$ 60,340	\$ 30,499
Effect of exchange rate changes on cash, cash equivalents and restricted cash	586	3,292
Net increase (decrease) in cash, cash equivalents and restricted cash	(14,330)	11,560
Cash, cash equivalents and restricted cash at beginning of period	202,869	188,310
Cash, cash equivalents and restricted cash at end of period	\$ 188,539	\$ 199,870
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	\$ 102,551	\$ 86,054
Cash paid for income taxes	14,064	9,303

See Notes to Carve-out Financial Statements

**OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
NOTES TO CARVE-OUT FINANCIAL STATEMENTS
(UNAUDITED)**

NOTE 1 – BASIS OF PRESENTATION

The Separation

As of March 31, 2019, Clear Channel Holdings, Inc. (“CCH”) was a wholly-owned subsidiary of iHeartCommunications, Inc. (“iHeartCommunications”). As of March 31, 2019, CCH and certain of its subsidiaries held 89.1% of the outstanding shares of Clear Channel Outdoor Holdings, Inc. (“CCOH”). On March 14, 2018, iHeartMedia, Inc. (“iHeartMedia”) and certain of its subsidiaries, including iHeartCommunications and CCH (collectively, the “Debtors”), filed voluntary petitions for relief (the “iHeart Chapter 11 Cases”) under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the “Bankruptcy Court”). CCOH and its direct and indirect subsidiaries did not file voluntary petitions for relief under the Bankruptcy Code and were not Debtors in the iHeart Chapter 11 Cases.

On January 22, 2019, the Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of iHeartMedia and its Debtor affiliates (as further modified, the “iHeartMedia Plan of Reorganization”) was confirmed by the Bankruptcy Court.

On May 1, 2019 (the “Effective Date”), the conditions to the effectiveness of the iHeartMedia Plan of Reorganization were satisfied and the Debtors emerged from Chapter 11. On the Effective Date, pursuant to the iHeartMedia Plan of Reorganization, the Company and the subsidiaries of the Company (collectively with the Company, the “Outdoor Group”) were separated from, and ceased to be controlled by, iHeartMedia and its subsidiaries (the “iHeart Group”), through a series of transactions (the “Separation”) which included the entity formerly known as Clear Channel Outdoor Holdings, Inc. with and into the Company (the “Merger”).

Preparation of Interim Financial Statements

The financial statements of the Outdoor Business of CCH consist of a carve-out of the financial statements of the entities and businesses of CCH that operate in the Outdoor Business (the “Company”). Pursuant to the iHeartMedia Plan of Reorganization, on May 1, 2019, after the radio businesses of iHeartMedia (the “Radio Businesses”) and the subsidiaries of CCH (other than CCOH) were distributed to a wholly-owned subsidiary of iHeartMedia, CCOH was merged with and into CCH and CCH’s only assets and liabilities were those of CCOH and its subsidiaries (the “Outdoor Business”). By the time the shares of CCH were distributed to certain creditors of iHeartMedia and to the public stockholders of CCOH, the only assets, liabilities and operations of CCH were those of the Outdoor Business.

Accordingly, these carve-out financial statements include the operations, assets and liabilities of the Outdoor business of CCH, and exclude the Radio Businesses and the subsidiaries of CCH (other than CCOH) prior to the Merger and the Separation. In addition, the carve-out financial statements exclude amounts attributable to CCH, which is a holding company with no independent assets or operations.

Management believes that carve-out financial statements of the Outdoor Business of CCH would be more useful to users than financial statements of CCH that include the Radio Businesses and other non-Outdoor subsidiaries. This conclusion was based on the fact that investors did not receive shares in the Company until after the Radio Businesses were distributed. Accordingly, the Radio Businesses are not relevant to their investment decisions.

The preparation of carve-out financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates, judgments, and assumptions that affect the amounts reported in the carve-out financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

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Additionally, the carve-out financial statements of the Outdoor Business of CCH may not be indicative of the Company's future performance and do not necessarily reflect what its carve-out results of operations, financial position and cash flows would have been had CCH consisted only of the Outdoor Business and operated as a separate, stand-alone public company for which a controlling interest was not held by iHeartCommunications during the periods presented. These carve-out financial statements of the Outdoor Business of CCH give effect to allocations of expenses from iHeartCommunications. 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, however, they may not be indicative of the actual results of the Outdoor Business of CCH had CCH consisted only of the Outdoor Business of CCH and had been operating as a separate, stand-alone public company for the periods presented. Refer to Note 7 for further information regarding transactions with iHeartMedia and its subsidiaries.

None of the entities included in the carve-out financial statements were Debtors or guarantors of any of the debt of the Debtors. Although CCH was a debtor in the iHeart Chapter 11 Cases, the carve-out financial statements exclude amounts attributable to CCH and, as required by the Plan of Reorganization, prior to emergence from the iHeart Chapter 11 Cases, CCH was released from its guarantee of iHeartCommunications' indebtedness.

Our reportable segments are Americas outdoor advertising ("Americas") and International outdoor advertising ("International"). The accompanying carve-out financial statements were prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all normal and recurring adjustments necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods may not be indicative of results for the full year. The financial statements contained herein should be read in conjunction with the carve-out financial statements and notes thereto included in CCH's Registration Statement on Form S-4 (File No. 333-228986).

Included in the carve-out financial statements are entities for which the Company has a controlling financial interest or is the primary beneficiary. Investments in companies in which the Company owns 20% to 50% of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions have been eliminated.

Certain prior period amounts have been reclassified to conform to the 2019 presentation.

Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the Carve-out Balance Sheet to the total of the amounts reported in the Carve-out Statement of Cash Flows:

<i>(In thousands)</i>	March 31, 2019	December 31, 2018
Cash and cash equivalents	\$170,510	\$ 182,456
Restricted cash included in:		
Other current assets	4,065	4,221
Other assets	13,964	16,192
Total cash, cash equivalents and restricted cash in the Statement of Cash Flows	<u>\$188,539</u>	<u>\$ 202,869</u>

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New Accounting Pronouncements Recently Adopted

Leases

The Company adopted ASU No. 2016-02, which created ASC 842, *Leases*, and all subsequent ASUs relating to this Topic, as of January 1, 2019 (collectively, “ASC 842”). This new lease accounting standard, which supersedes previous lease accounting guidance under U.S. GAAP (ASC Topic 840), results in significant changes to the balance sheets of lessees, most significantly by requiring the recognition of a right-of-use (ROU) asset and lease liability by lessees for those leases classified as operating leases. Lessor accounting is also updated to align with certain changes in the lessee model and the revenue recognition standard (ASC Topic 606), which was adopted in 2018.

The Company applied the transition provisions of this standard at January 1, 2019 following the optional transition method provided by ASUNo. 2018-11; consequently the carve-out financial statements and notes to the carve-out financial statements for periods before the date of adoption continue to be presented in accordance with ASC Topic 840. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which allowed us to not reassess whether expired or existing contracts are or contain leases and to carry forward the historical lease classification for those leases that commenced prior to the date of adoption.

Upon adoption of ASC 842, prepaid and deferred rent balances, which were historically presented separately, were combined and presented net within the ROU asset. Additionally, deferred gains related to previous transactions that were historically accounted for as sale and operating leasebacks in accordance with ASC Topic 840 were recognized as a cumulative-effect adjustment to equity, resulting in an increase to equity, net of tax, of \$14.6 million. Under ASC Topic 840, such gains were recognized ratably over the lease term as a credit to operating lease expense, and operating lease expense for the three months ended March 31, 2018 included a credit of \$0.3 million for the amortization of these gains, which was not recognized in the three months ended March 31, 2019.

Adoption of the new standard had a material impact on our carve-out balance sheets, but it did not have a material impact on our other carve-out financial statements. Additionally, the standard requires disclosures to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Refer to Note 2, *Revenue*, and Note 3, *Leases*, for more information.

Intangible Assets and Goodwill

During the first quarter of 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350)*. This update eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Entities will record an impairment charge based on the excess of a reporting unit’s carrying amount over its fair value. The standard is effective for annual and any interim impairment tests performed for periods beginning after December 15, 2019. The Company early adopted the proposed guidance under ASU 2017-04 beginning on January 1, 2019 on a prospective basis. The implementation of ASU 2017-04 did not have a material impact on our carve-out financial statements and related disclosures.

During the third quarter of 2018, the FASB issued ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40), Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. This update requires that a customer in a cloud computing arrangement that is a service contract follow the internal use software guidance in ASC 350-402 to determine which implementation costs to capitalize as assets. The standard is effective for fiscal years beginning after December 15, 2019. The Company early adopted the proposed guidance under ASU 2018-15 beginning on January 1, 2019 on a prospective basis. The implementation of ASU 2018-15 did not have a material impact on our carve-out financial statements and related disclosures.

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NOTE 2 – REVENUE

The Company generates revenue primarily from the sale of advertising space on printed and digital out-of-home advertising displays. These contracts typically cover periods of a few weeks to one year, although there are some with longer terms. Americas contracts are generally cancellable after a specified notice period, while International contracts are generally non-cancellable or require the customer to pay a fee to terminate the contract. Certain of these revenue transactions are considered leases, for accounting purposes, as the contracts convey to customers the right to control the use of the Company's advertising displays for a period of time. To qualify as a lease, fulfillment of the contract must be dependent upon the use of a specified advertising structure, the customer must have almost exclusive use of the advertising display throughout the contract term, and, upon adoption of the new leases standard (ASC 842) on January 1, 2019, the customer must also have the right to change the advertisement that is displayed throughout the contract term.

The Company has elected a practical expedient to not separate non-lease components from associated lease components if certain criteria are met. As such, each right to control the use of an advertising display that meets the lease criteria is combined with the related installation and maintenance services provided under the contract into a single lease component. Production services, which do not meet the criteria to be combined, and each advertising display that does not meet the lease criteria (along with any related installation and maintenance services) are non-lease components. Consideration in outdoor advertising contracts is allocated between lease and non-lease components in proportion to their relative standalone selling prices, which are generally approximated by the contractual prices for each promised service. The Company accounts for revenue from leases, which are all classified as operating leases, in accordance with the lease accounting guidance (ASC Topic 840 or ASC Topic 842, depending on the advertising campaign start date), while the Company's remaining revenue transactions are accounted for as revenue from contracts with customers (ASC Topic 606).

In accordance with the transition approach that the Company elected to adopt ASC Topic 842, as described in Note 1, revenue contracts with campaign start dates prior to January 1, 2019 were not reassessed to determine whether they qualify as a lease under the requirements of the new leasing standard. Instead, they continue to be accounted for as revenue from contracts with customers or revenue from leases based on the requirements of the previous standard (ASC Topic 840), and the new requirements have been applied to revenue contracts with campaign start dates on or after January 1, 2019. Because the definition of a lease is more restrictive under the new standard, fewer of our new revenue contracts meet the definition of a lease for accounting purposes, resulting in an increase in the percentage of revenue that is categorized as revenue from contracts with customers as compared to the prior year.

Disaggregation of Revenue

The following table shows, by segment, revenue from contracts with customers disaggregated by geographical region, revenue from leases and total revenue for the three months ended March 31, 2019 and 2018:

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<i>(In thousands)</i>	Americas	International	Total
Three Months Ended March 31, 2019			
Revenue from contracts with customers:			
United States	\$131,431	\$ —	\$131,431
Other Americas	896	13,645	14,541
Europe	—	201,205	201,205
Asia-Pacific and other	—	53,231	53,231
Total	132,327	268,081	400,408
Revenue from leases	140,395	46,313	186,708
Revenue, total	<u>\$272,722</u>	<u>\$ 314,394</u>	<u>\$587,116</u>
Three Months Ended March 31, 2018			
Revenue from contracts with customers:			
United States	\$ 96,147	\$ —	\$ 96,147
Other Americas	650	12,123	12,773
Europe	—	187,216	187,216
Asia-Pacific and other	—	3,012	3,012
Total	96,797	202,351	299,148
Revenue from leases	159,050	140,200	299,250
Revenue, total	<u>\$255,847</u>	<u>\$ 342,551</u>	<u>\$598,398</u>

All of the Company's advertising structures, which may be owned or leased, are used to generate revenue. Such revenue may be classified as revenue from contracts with customers or revenue from leases depending on the terms of the contract, as previously described.

Revenue from Contracts with Customers

The following tables show the Company's beginning and ending accounts receivable and deferred revenue balances from contracts with customers:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2019	2018
Accounts receivable, net of allowance, from contracts with customers:		
Beginning balance	\$ 367,918	\$ 346,323
Ending balance	\$ 418,916	\$ 305,030
Deferred revenue from contracts with customers:		
Beginning balance	\$ 39,916	\$ 28,804
Ending balance	\$ 57,180	\$ 45,261

During the three months ended March 31, 2019 and 2018, respectively, the Company recognized \$28.4 million and \$21.0 million of revenue that was included in the deferred revenue from contracts with customers balance at the beginning of the period.

As previously described, the Company's contracts with customers generally have terms of one year or less; however, as of March 31, 2019, the Company expects to recognize \$117.1 million of revenue in future periods for remaining performance obligations from current contracts with customers that have an original expected duration greater than one year, with the majority of this amount to be recognized over the next five years.

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Revenue from Leases

As of March 31, 2019, future lease payments to be received by the Company are as follows:

<i>(In thousands)</i>	
2019	\$398,562
2020	47,794
2021	18,907
2022	9,841
2023	2,491
Thereafter	4,828
Total	<u>\$482,423</u>

Note that the future lease payments disclosed are limited to the non-cancellable period of the lease and, for contracts that require the customer to pay a significant fee to terminate the contract such that the customer is considered reasonably certain not to exercise this option, periods beyond the termination option. Payments scheduled for periods beyond a termination option are not included for contracts that allow cancellation by the customer without a significant fee.

NOTE 3 – LEASES

The Company enters into operating lease contracts for land, buildings, structures and other equipment. Arrangements are evaluated at inception to determine whether such arrangements contain a lease. Operating leases include land lease contracts and contracts for the use of space on floors, walls and exterior locations on buildings. Arrangements in which wall space is used are considered to be lease contracts if all other required elements of a lease contract are present. The Company assessed certain international transit contracts under ASC 842, which historically were determined to be leases, and concluded that the arrangements did not meet the definition of leases under the new leasing standard. In accordance with the transition guidance of ASC 842, such arrangements are included in the Company's balance sheet as of January 1, 2019. The majority of the Company's transit contracts do not meet the definition of a lease due to substantive substitution rights within those contracts. Arrangements to lease building space consist primarily of the rental of office space, but may also include leases of other equipment, including automobiles and copiers. Operating leases are reflected on the Company's balance sheet within Operating lease right-of-use assets, and the related short-term and long-term liabilities are included within Current and Noncurrent operating lease liabilities, respectively.

The Company's finance leases are included within Property, plant and equipment with the related liabilities included within Long-term debt.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term.

Certain of the Company's operating lease agreements include rental payments based on a percentage of revenue, and others include rental payments adjusted periodically for inflationary changes. Percentage rent contracts, in which lease expense is calculated as a percentage of advertising revenue, and payments due to changes in inflationary adjustments are included within variable rent expense, which is accounted for separately from periodic straight-line lease expense. Amounts related to insurance and property taxes in lease arrangements when billed on a pass-through basis are allocated to the lease and non-lease components of the lease based on their relative standalone selling prices. Internationally, the Company is commonly assessed VAT on its contracts, which is treated as a nonlease component.

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Many operating lease contracts expire; however, the Company may continue to operate the leased assets after the rights and obligations of the lease agreements have expired. Such contracts, once expired, are not considered to be leases and future expected payments are not included in operating lease liabilities or ROU assets. Many of the Company's leases entered into in connection with advertising structures provide options to extend the terms of the agreements. Generally, renewal periods are excluded from minimum lease payments when calculating the lease liabilities as, for most leases, the Company does not consider exercise of such options to be reasonably certain. As a result, unless a renewal option is considered reasonably assured, the optional terms and payments are not included within the lease liability. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The implicit rate within the Company's lease agreements is generally not determinable. As such, the Company uses the incremental borrowing rate ("IBR") to determine the present value of lease payments at the commencement of the lease. The IBR, as defined in ASC 842, is *"the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment."*

The following table provides the components of lease expense included within the Carve-out Statement of Comprehensive Loss for the three months ended March 31, 2019:

<i>(In thousands)</i>	Three Months Ended March 31, 2019
Operating lease expense	\$ 135,096
Variable lease expense	\$ 31,565

The following table provides the weighted average remaining lease term and the weighted average discount rate for the Company's leases as of March 31, 2019:

	March 31, 2019
Operating lease weighted average remaining lease term (in years)	9.7
Operating lease weighted average discount rate	7.26%

As of March 31, 2019, the Company's future maturities of operating lease liabilities were as follows:

<i>(In thousands)</i>	
2019	\$ 376,287
2020	419,101
2021	354,030
2022	274,785
2023	222,106
Thereafter	1,367,285
Total lease payments	\$3,013,594
Less: Effect of discounting	978,603
Total operating lease liability	<u>\$2,034,991</u>

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The following table provides supplemental cash flow information related to leases:

<i>(In thousands)</i>	Three Months Ended March 31, 2019
Cash paid for amounts included in measurement of operating lease liabilities	\$ 156,577
Lease liabilities arising from obtaining right-of-use assets ¹	\$ 2,119,943

- ¹ Lease liabilities arising from obtaining right-of-use assets include transition liabilities upon adoption of ASC 842, as well as new leases entered into during the three months ended March 31, 2019.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

Property, Plant and Equipment

The Company's property, plant and equipment consisted of the following classes of assets as of March 31, 2019 and December 31, 2018, respectively:

<i>(In thousands)</i>	March 31, 2019	December 31, 2018
Land, buildings and improvements	\$ 146,128	\$ 145,403
Structures	2,833,051	2,835,411
Furniture and other equipment	209,160	202,155
Construction in progress	66,649	73,030
	<u>3,254,988</u>	<u>3,255,999</u>
Less: accumulated depreciation	<u>2,010,428</u>	<u>1,967,061</u>
Property, plant and equipment, net	<u><u>\$1,244,560</u></u>	<u><u>\$ 1,288,938</u></u>

Indefinite-lived Intangible Assets

The Company's indefinite-lived intangible assets consist primarily of billboard permits in its Americas segment. Due to significant differences in both business practices and regulations, billboards in the International segment are subject to long-term, finite contracts unlike the Company's permits in the United States. Accordingly, there are no indefinite-lived intangible assets in the International segment.

Other Intangible Assets

Other intangible assets include definite-lived intangible assets and permanent easements. The Company's definite-lived intangible assets primarily include transit and street furniture contracts, site leases 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 directly or indirectly to the Company's future cash flows. Permanent easements are indefinite-lived intangible assets which include certain rights to use real property not owned by the Company. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived intangible assets. These assets are recorded at cost.

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The following table presents the gross carrying amount and accumulated amortization for each major class of other intangible assets as of March 31, 2019 and December 31, 2018, respectively:

<i>(In thousands)</i>	March 31, 2019		December 31, 2018	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Transit, street furniture and other outdoor contractual rights	\$ 528,232	\$ (443,963)	\$ 528,185	\$ (440,228)
Permanent easements	163,341	—	163,317	—
Other	5,926	(4,352)	5,919	(4,331)
Total	<u>\$ 697,499</u>	<u>\$ (448,315)</u>	<u>\$ 697,421</u>	<u>\$ (444,559)</u>

Total amortization expense related to definite-lived intangible assets for the three months ended March 31, 2019 and 2018 was \$4.2 million and \$5.2 million, respectively.

As acquisitions and dispositions occur in the future, amortization expense may vary. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets:

<i>(In thousands)</i>	
2020	\$12,985
2021	12,651
2022	10,850
2023	6,449
2024	6,341

Goodwill

The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments:

<i>(In thousands)</i>	Americas	International	Total
Balance as of December 31, 2017	\$507,819	\$ 206,224	\$714,043
Foreign currency	—	(8,040)	(8,040)
Balance as of December 31, 2018	\$507,819	\$ 198,184	\$706,003
Foreign currency	—	(3,184)	(3,184)
Balance as of March 31, 2019	<u>\$507,819</u>	<u>\$ 195,000</u>	<u>\$702,819</u>

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NOTE 5 – LONG-TERM DEBT

Long-term debt outstanding as of March 31, 2019 and December 31, 2018 consisted of the following:

<i>(In thousands)</i>	March 31, 2019	December 31, 2018
Clear Channel Worldwide Holdings Senior Notes:		
6.5% Series A Senior Notes Due 2022	\$ 735,750	\$ 735,750
6.5% Series B Senior Notes Due 2022	1,989,250	1,989,250
Clear Channel Worldwide Holdings Senior Subordinated Notes:		
7.625% Series A Senior Subordinated Notes Due 2020 ⁽¹⁾	—	275,000
7.625% Series B Senior Subordinated Notes Due 2020 ⁽¹⁾	—	1,925,000
9.25% Senior Subordinated Notes Due 2024 ⁽¹⁾	2,235,000	—
Receivables Based Credit Facility Due 2023 ⁽²⁾	—	—
Clear Channel International B.V. Senior Notes Due 2020	375,000	375,000
Other debt	3,828	3,882
Original issue discount	(867)	(739)
Long-term debt fees	(44,322)	(25,808)
Total debt	\$5,293,639	\$ 5,277,335
Less: current portion	234	227
Total long-term debt	\$5,293,405	\$ 5,277,108

- (1) On February 4, 2019, Clear Channel Worldwide Holdings, Inc., an indirect subsidiary of the Company (“CCWH” or the “Subsidiary Issuer”), delivered a conditional notice of redemption calling all of its outstanding \$275.0 million aggregate principal amount of 7.625% Series A Senior Subordinated Notes due 2020 (the “Series A CCWH Subordinated Notes”) and \$1,925.0 million aggregate principal amount of 7.625% Series B Senior Subordinated Notes due 2020 (the “Series B CCWH Subordinated Notes”) for redemption on March 6, 2019. The redemption was conditioned on the closing of the offering of \$2,235.0 million of new 9.25% Senior Subordinated Notes due 2024 (the “New CCWH Subordinated Notes”). At the closing of such offering on February 12, 2019, CCWH deposited with the trustee for the CCWH Subordinated Notes a portion of the proceeds from the new notes in an amount sufficient to pay and discharge the principal amount outstanding, plus accrued and unpaid interest on the CCWH Subordinated Notes to, but not including, the redemption date. CCWH irrevocably instructed the trustee to apply such funds to the full payment of the CCWH Subordinated Notes on the redemption date. Concurrently therewith, CCWH elected to satisfy and discharge the indentures governing the CCWH Subordinated Notes in accordance with their terms and the trustee acknowledged such discharge and satisfaction. As a result of the satisfaction and discharge of the indentures, CCWH and the guarantors of the CCWH Subordinated Notes have been released from their remaining obligations under the indentures and the CCWH Subordinated Notes.
- (2) The receivables based credit facility provides for revolving credit commitments of up to \$125.0 million. As of March 31, 2019, the facility had \$85.5 million of letters of credit outstanding and a borrowing base of \$116.2 million, resulting in \$30.7 million of excess availability. Certain additional restrictions, including a springing financial covenant, take effect at decreased levels of excess availability.

The aggregate market value of the Company’s debt based on market prices for which quotes were available was approximately \$5.5 billion and \$5.2 billion as of March 31, 2019 and December 31, 2018, respectively. Under the fair value hierarchy established by ASC 820-10-35, the market value of the Company’s debt is classified as Level 1.

9.25% Senior Subordinated Notes Due 2024

On February 12, 2019, CCWH, an indirect, wholly-owned subsidiary of the Company, completed the sale of \$2,235.0 million in aggregate principal amount of New CCWH Subordinated Notes in a private placement to qualified institutional buyers under Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), and to persons outside the United States pursuant to Regulation S under the Securities Act.

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The New CCWH Subordinated Notes were issued pursuant to an indenture, dated as of February 12, 2019 (the “New CCWH Notes Indenture”), among CCWH, the Company, Clear Channel Outdoor, Inc. (“CCOI”) and the other guarantors party thereto (collectively with the Company and CCOI, the “Guarantors”), and U.S. Bank National Association, as trustee, paying agent, registrar and transfer agent (the “Trustee”). The New CCWH Subordinated Notes mature on February 15, 2024 and bear interest at a rate of 9.25% per annum. Prior to the Company’s separation from iHeartMedia, Inc. in connection with the completion of iHeartMedia, Inc.’s Chapter 11 proceedings (the “Separation”), interest will be payable to the Trustee weekly in arrears. Following the Separation, interest will be payable to the Trustee semi-annually. In each case, interest will be payable to the holders of the New CCWH Subordinated Notes semi-annually on February 15 and August 15 of each year, beginning on August 15, 2019.

The New CCWH Subordinated Notes and the guarantees of the New CCWH Subordinated Notes are unsecured senior subordinated obligations that rank *pari passu* in right of payment to all senior subordinated indebtedness of Clear Channel Worldwide and the Guarantors, junior to all senior indebtedness of CCWH and the Guarantors, including CCWH’s outstanding 6.50% Series A Senior Notes and Series B Senior Notes due 2022 (the “Senior Notes”), and senior to all future subordinated indebtedness of CCWH and the Guarantors that expressly provides that it is subordinated to the New CCWH Subordinated Notes. Following the satisfaction of certain conditions, including that the Senior Notes are no longer outstanding and at least a portion of such notes has been refinanced with senior secured indebtedness, New CCWH Subordinated Notes and the guarantees of the New CCWH Subordinated Notes will cease to be subordinated obligations and thereafter will rank *pari passu* in right of payment with all senior indebtedness of CCWH and the Guarantors (the “step-up”). There can be no assurance that the step-up will ever occur and that the New CCWH Subordinated Notes and the guarantees will ever cease to be subordinated indebtedness of CCWH and the Guarantors.

CCWH may redeem the New CCWH Subordinated Notes at its option, in whole or part, at any time prior to February 15, 2021, at a price equal to 100% of the principal amount of the New CCWH Subordinated Notes redeemed, plus a make-whole premium, plus accrued and unpaid interest to the redemption date. CCWH may redeem the New CCWH Subordinated Notes, in whole or in part, on or after February 15, 2021, at the redemption prices set forth in the Indenture plus accrued and unpaid interest to the redemption date. At any time prior to February 15, 2021, CCWH may elect to redeem up to 40% of the aggregate principal amount of the New CCWH Subordinated Notes at a redemption price equal to 109.25% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net proceeds of one or more equity offerings. In addition, CCWH may redeem up to 20% of the aggregate principal amount of the New CCWH Subordinated Notes at any time prior to February 15, 2021, using the net proceeds from certain other equity offerings at 103% of the principal amount of the New CCWH Subordinated Notes. CCWH will be permitted to use these two redemption options concurrently but will not be permitted to redeem, in the aggregate, more than 40% of the principal amount of the New CCWH Subordinated Notes pursuant to these options.

The New CCWH Notes Indenture contains covenants that limit the Company’s ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional debt or issue certain preferred stock; (ii) redeem, purchase or retire subordinated debt; (iii) make certain investments; (iv) create restrictions on the payment of dividends or other amounts from the Company’s restricted subsidiaries that are not Guarantors; (v) enter into certain transactions with affiliates; (vi) merge or consolidate with another person, or sell or otherwise dispose of all or substantially all of the Company’s assets; (vii) sell certain assets, including capital stock of the Company’s subsidiaries; (viii) designate the Company’s subsidiaries as unrestricted subsidiaries; (ix) pay dividends, redeem or repurchase capital stock or make other restricted payments; and (x) in the event that the step-up occurs and the New CCWH Subordinated Notes cease to be subordinated, incur certain liens.

Surety Bonds, Letters of Credit and Guarantees

As of March 31, 2019, the Company had \$56.4 million, \$85.5 million and \$37.3 million in surety bonds, letters of credit and bank guarantees outstanding, respectively. A portion of the outstanding bank guarantees were supported by \$16.9 million of cash collateral. Additionally, as of March 31, 2019, iHeartCommunications had outstanding commercial standby letters of credit of \$1.6 million held on behalf of the Company. These letters of credit, surety bonds and bank guarantees relate to various operational matters, including insurance, bid, concession and performance bonds, as well as other items.

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NOTE 6 – COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued an estimate of the probable costs for the resolution of those claims for which the occurrence of loss is probable and the amount can be reasonably estimated. 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. Additionally, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's financial condition or results of operations.

Although the Company is involved in a variety of legal proceedings in the ordinary course of business, a large portion of the Company's litigation arises in the following contexts: commercial disputes; misappropriation of likeness and right of publicity claims; employment and benefits related claims; governmental fines; intellectual property claims; and tax disputes.

Stockholder Litigation

On May 9, 2016, a stockholder of CCOH filed a derivative lawsuit in the Court of Chancery of the State of Delaware (the "Delaware Chancery Court"), captioned GAMCO Asset Management Inc. v. iHeartMedia Inc. et al., C.A. No. 12312-VCS. The complaint named as defendants iHeartCommunications, Inc. ("iHeartCommunications"), CCOH's indirect parent company, iHeartMedia, Inc. ("iHeartMedia"), the parent company of iHeartCommunications, Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. (together, the "Sponsor Defendants"), iHeartMedia's private equity sponsors and majority owners, and the members of CCOH's board of directors. CCOH also was named as a nominal defendant. The complaint alleged that CCOH had been harmed by the intercompany agreements with iHeartCommunications, CCOH's lack of autonomy over its own cash and the actions of the defendants in serving the interests of iHeartMedia, iHeartCommunications and the Sponsor Defendants to the detriment of CCOH and its minority stockholders. Specifically, the complaint alleged that the defendants breached their fiduciary duties by causing CCOH to: (i) continue to loan cash to iHeartCommunications under the intercompany note at below-market rates; (ii) abandon its growth and acquisition strategies in favor of transactions that would provide cash to iHeartMedia and iHeartCommunications; (iii) issue new debt in the offering by Clear Channel International B.V, an international subsidiary of the Company ("CCIBV") of 8.75% Senior Notes due 2020 (the "CCIBV Senior Notes" and such offering, "CCIBV Note Offering") to provide cash to iHeartMedia and iHeartCommunications through a dividend; and (iv) effect the sales of certain outdoor markets in the U.S. (the "Outdoor Asset Sales") allegedly to provide cash to iHeartMedia and iHeartCommunications through a dividend. The complaint also alleged that iHeartMedia, iHeartCommunications and the Sponsor Defendants aided and abetted the directors' breaches of their fiduciary duties. The complaint further alleged that iHeartMedia, iHeartCommunications and the Sponsor Defendants were unjustly enriched as a result of these transactions and that these transactions constituted a waste of corporate assets for which the defendants are liable to CCOH. The plaintiff sought, among other things, a ruling that the defendants breached their fiduciary duties to CCOH and that iHeartMedia, iHeartCommunications and the Sponsor Defendants aided and abetted the board of directors' breaches of fiduciary duty, rescission of payments to iHeartCommunications and its affiliates pursuant to dividends declared in connection with the CCIBV Note Offering and Outdoor Asset Sales, and an order requiring iHeartMedia, iHeartCommunications and the Sponsor Defendants to disgorge all profits they have received as a result of the alleged fiduciary misconduct.

On July 20, 2016, the defendants filed a motion to dismiss plaintiff's verified stockholder derivative complaint for failure to state a claim upon which relief can be granted. On November 23, 2016, the Delaware Chancery Court granted the defendants' motion to dismiss all claims brought by the plaintiff. On December 19, 2016, the plaintiff filed a notice of appeal of the ruling. The oral hearing on the appeal was held on October 11, 2017. On October 12, 2017, the Supreme Court of Delaware affirmed the lower court's ruling, dismissing the case.

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On December 29, 2017, another stockholder of CCOH filed a derivative lawsuit in the Delaware Chancery Court captioned Norfolk County Retirement System, v. iHeartMedia, Inc., et al., C.A. No. 2017-0930-JRS. The complaint names as defendants iHeartMedia, iHeartCommunications, the Sponsor Defendants, and the members of CCOH's board of directors. CCOH is named as a nominal defendant. The complaint alleges that CCOH has been harmed by CCOH Board's November 2017 decision to extend the maturity date of the intercompany revolving note (the "Third Amendment") at what the complaint describes as far-below-market interest rates. Specifically, the complaint alleges that (i) iHeartMedia and Sponsor defendants breached their fiduciary duties by exploiting their position of control to require CCOH to enter the Third Amendment on terms unfair to CCOH; (ii) the CCOH Board breached their duty of loyalty by approving the Third Amendment and elevating the interests of iHeartMedia, iHeartCommunications and the Sponsor Defendants over the interests of CCOH and its minority unaffiliated stockholders; and (iii) the terms of the Third Amendment could not have been agreed to in good faith and represent a waste of corporate assets by the CCOH Board. The complaint further alleges that iHeartMedia, iHeartCommunications and the Sponsor Defendants were unjustly enriched as a result of the unfairly favorable terms of the Third Amendment. The plaintiff is seeking, among other things, a ruling that the defendants breached their fiduciary duties to CCOH, a modification of the Third Amendment to bear a commercially reasonable rate of interest, and an order requiring disgorgement of all profits, benefits and other compensation obtained by the defendants as a result of the alleged breaches of fiduciary duties.

On March 7, 2018, the defendants filed a motion to dismiss the plaintiff's verified derivative complaint for failure to state a claim upon which relief can be granted. On March 16, 2018, iHeartMedia filed a Notice of Suggestion of Pendency of Bankruptcy and Automatic Stay of Proceedings. On May 4, 2018, the plaintiff filed its response to the motion to dismiss. On June 26, 2018, the defendants filed a reply brief in further support of their motion to dismiss. Oral argument on the motion to dismiss was held on September 20, 2018.

On August 27, 2018, the same stockholder of CCOH that had filed a derivative lawsuit against iHeartMedia and others in 2016 (GAMCO Asset Management Inc.) filed a putative class action lawsuit in the Delaware Chancery Court, captioned GAMCO Asset Management, Inc. v. Hendrix, et al., C.A. No. 2018-0633-JRS. The complaint names as defendants the Sponsor Defendants and the members of CCOH's board of directors. The complaint alleges that minority shareholders in CCOH during the period November 8, 2017 to March 14, 2018 were harmed by decisions of CCOH's board of directors and the intercompany note committee of the board of directors relating to the intercompany note. Specifically, the complaint alleges that (i) the members of the intercompany note committee breached their fiduciary duties by not demanding payment under the intercompany note and issuing a simultaneous dividend after a threshold tied to iHeartMedia's liquidity had been reached; (ii) CCOH's board of directors breached their fiduciary duties by approving the Third Amendment rather than allowing the intercompany note to expire; (iii) CCOH's board of directors breached their fiduciary duties by not demanding payment under the intercompany note and issuing a simultaneous dividend after a threshold tied to iHeartMedia's liquidity had been reached; and (iv) the Sponsor Defendants breached their fiduciary duties by not directing CCOH's board of directors to permit the intercompany note to expire and to declare a dividend. The complaint further alleges that the Sponsor Defendants aided and abetted CCOH's board of director's alleged breach of fiduciary duties. The plaintiff seeks, among other things, a ruling that CCOH's board of directors, the intercompany note committee, and the Sponsor Defendants breached their fiduciary duties and that the Sponsor Defendants aided and abetted the Board's breach of fiduciary duty; and an award of damages, together with pre- and post-judgment interests, to the putative class of minority shareholders.

On December 16, 2018, the Debtors, CCOH, GAMCO Asset Management, Inc., and Norfolk County Retirement System entered into a settlement agreement (the "Settlement Agreement"), which resolves all claims, objections, and other causes of action that have been or could be asserted by or on behalf of CCOH, GAMCO Asset Management, Inc., and/or Norfolk County Retirement System by and among the Debtors, CCOH, GAMCO Asset Management, Inc., certain individual defendants in the GAMCO Asset Management, Inc. action and/or the Norfolk County Retirement System action, and the private equity sponsor defendants

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in such actions. The Settlement Agreement provides for the consensual separation of the Debtors and CCOH, including approximately \$149.0 million of recovery to CCOH on account of its claim against iHeartCommunications in the Chapter 11 cases, an unsecured revolving line of credit in an aggregate amount not to exceed \$200 million from iHeartCommunications (the “iHeart Line of Credit”), the transfer of certain of the Debtors’ intellectual property to CCOH, the waiver by the Debtors of the setoff for the value of the transferred intellectual property, mutual releases, the termination of the cash sweep under the existing Corporate Services Agreement, the termination of any agreements or licenses requiring royalty payments from CCOH to the Debtors for trademarks or other intellectual property, the waiver of any post-petition amounts owed by CCOH relating to such trademarks or other intellectual property, and the execution of a new transition services agreement and other separation documents. The Settlement Agreement was approved by the Bankruptcy Court and the United States District Court for the Southern District of Texas in connection with the confirmation of the iHeartMedia Chapter 11 Cases on January 22, 2019.

China Investigation

Several employees of Clear Media Limited, an indirect, non-wholly-owned subsidiary of the Company whose ordinary shares are listed on the Hong Kong Stock Exchange, are subject to an ongoing police investigation in China for misappropriation of funds. The Company is not aware of any litigation, claim or assessment pending against the Company in relation to this investigation. Based on information known to date, the Company believes any contingent liabilities arising from potential misconduct that has been or may be identified by the investigation in China are not material to the Company’s carve-out financial statements. The effect of the misappropriation of funds is reflected in these financial statements in the appropriate periods.

The Company advised both the United States Securities and Exchange Commission and the United States Department of Justice of the investigation at Clear Media Limited and is cooperating to provide information in response to inquiries from the agencies. The Clear Media Limited investigation could implicate the books and records, internal controls and anti-bribery provisions of the U.S. Foreign Corrupt Practices Act, which statute and regulations provide for potential monetary penalties as well as criminal and civil sanctions. It is possible that monetary penalties and other sanctions could be assessed on the Company in connection with this matter. The nature and amount of any monetary penalty or other sanctions cannot reasonably be estimated at this time and could be qualitatively or quantitatively material to the Company.

Italy Investigation

During the three months ended June 30, 2018, the Company identified misstatements associated with VAT obligations in its business in Italy, which resulted in an understatement of its VAT obligation. These misstatements resulted in an understatement of other long-term liabilities of \$16.9 million as of December 31, 2017. The effect of these misstatements is reflected in the historical financial statements in the appropriate periods. Upon identification of these misstatements, the Company undertook certain procedures, including a forensic investigation, which is ongoing. In addition, the Company voluntarily disclosed the matter and preliminary findings to the Italian tax authorities in order to commence a discussion on the appropriate calculation of the VAT position. The current expectation is that the Company may have to repay to the Italian tax authority a substantial portion of the VAT previously applied as a credit in relation to the transactions under investigation, amounting to approximately \$17 million, including estimated possible penalties and interest. The Company made a payment of approximately \$8.6 million during the fourth quarter of 2018 and expects to pay the remainder during the last half of 2019. The ultimate amount to be paid may differ from the estimates, and such differences may be material.

NOTE 7 – RELATED PARTY TRANSACTIONS

Merger Agreement

On March 27, 2019, as contemplated by the Settlement Agreement and iHeartMedia’s modified fifth amended Plan of Reorganization (the “iHeartMedia Plan of Reorganization”), which was confirmed by the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) on January 22, 2019, the Company and CCOH entered into an Agreement and Plan of Merger (the “Merger Agreement”). On May 1, 2019, CCOH merged with and into the Company (the “Merger”), with the Company surviving the Merger and changing its name to Clear Channel Outdoor Holdings, Inc.

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In connection with the Merger, each share of the CCOH's Class A common stock ("CCOH Class A Common Stock") issued and outstanding immediately prior to the effective time of the Merger (the "Effective Time") (other than shares of CCOH Class A Common Stock held by the Company or any direct or indirect wholly-owned subsidiary of the Company) was converted into one share of common stock of the Company ("New CCOH Common Stock"). The shares of the CCOH Class A Common Stock held by the Company and its subsidiaries (the "Excluded Shares") were canceled and retired, and no shares of New CCOH Common Stock were exchanged for such shares. All of the outstanding shares of the Company's common stock, all held by iHeartCommunications, immediately before the Merger were converted into 325,726,917 shares of the Company's Common Stock. As a result, immediately after the Merger, the Company had a single class of common stock, the pre-Merger CCOH Class A common stockholders (other than the Company and its subsidiaries) owned the same percentage of the Company that they owned of CCOH immediately before the Merger, which was approximately 10.9% as of May 1, 2019, and all of the remaining 325,726,917 outstanding shares of the Company's Common Stock were held by iHeartCommunications for distribution to creditors pursuant to the iHeartMedia Plan of Reorganization.

Separation Agreement

On March 27, 2019, the Company, CCOH, iHeartMedia and iHeartCommunications entered into a Settlement and Separation Agreement (the "Separation Agreement") governing the terms of the separation of the Company as the surviving corporation under the Merger and each subsidiary of the Company after giving effect to a series of transactions to effect the Separation (the "Transactions" and the Company together with its subsidiaries, the "Outdoor Group") from iHeartMedia and each of its subsidiaries immediately after giving effect to the Transactions (iHeartMedia together with its subsidiaries, the "iHeart Group").

Pursuant to the Separation Agreement, on or before the date of the closing of the Merger Agreement (the "Closing Date"), (i) iHeartCommunications and each relevant member of the iHeart Group transferred to the Company or the relevant member of the Outdoor Group, any and all direct or indirect title and interest in the assets that are primarily related to or used primarily in connection with the business of the Outdoor Group (after giving effect to the Transactions) (the "Outdoor Business" and such assets, the "Outdoor Assets"), excluding certain excluded assets, and (ii) each relevant member of the Outdoor Group transferred to the relevant member of the iHeart Group any and all direct or indirect title and interest in the assets of the business conducted by the iHeart Group after giving effect to the Transactions, including the radio business (the "iHeart Business" and such assets, the "iHeart Assets").

At the same time as the transfer of the Outdoor Assets from the iHeart Group to the Outdoor Group, the members of the Outdoor Group assumed the liabilities associated with the Outdoor Business, subject to certain exceptions as set forth in the Separation Agreement. At the same time as the transfer of the iHeart Assets from the Outdoor Group to the iHeart Group, the members of the iHeart Group assumed the liabilities associated with the iHeart Business, subject to certain exceptions as set forth in the Separation Agreement.

In connection with the cash management arrangements with CCOH, iHeartCommunications maintained an intercompany revolving promissory note payable by iHeartCommunications to CCOH (the "Intercompany Note"), which was scheduled to mature on May 15, 2019. As of December 31, 2017, the principal amount outstanding under the Intercompany Note was \$1,067.6 million. As a result of the Chapter 11 Cases, CCOH wrote down the balance of the note by \$855.6 million during the fourth quarter of 2017 to reflect the estimated recoverable amount of the Intercompany Note as of December 31, 2017, based on management's best estimate of the cash settlement amount. As of the Petition Date, the principal amount outstanding under the Intercompany Note was \$1,031.7 million. As of March 31, 2019, the asset recorded in respect of the Intercompany Note on the Company's balance sheet was \$154.8 million. Pursuant to an order entered by the Bankruptcy Court, as of March 14, 2018, the balance of the Intercompany Note was frozen, and following March 14, 2018, intercompany allocations that would have been reflected in adjustments to the balance of the Intercompany Note were instead reflected in an intercompany balance that accrues interest at a rate equal to the interest under the Intercompany Note. As of March 31, 2019, the liability recorded in respect of the post-petition balance of the Due to iHeartCommunications Note on the Company's balance sheet was \$73.7 million.

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Pursuant to the Separation Agreement, the note payable by iHeartCommunications to the Company (the “Due from iHeartCommunications Note”) was canceled, and any agreements or licenses requiring royalty payments to the iHeart Group by the Outdoor Group for trademarks or other intellectual property terminated effective as of December 31, 2018. The note payable by iHeartCommunications to CCOH was canceled, and any agreements or licenses requiring royalty payments to the iHeart Group by the Outdoor Group for trademarks or other intellectual property terminated effective as of December 31, 2018. As a result of the offset of the additional intercompany liability of \$52.1 million incurred by CCOH in favor of iHeartCommunications from January 1, 2019 through March 31, 2019, iHeartCommunications made a total net payment to the Company of approximately \$107 million on the Closing Date. In addition, within 15 business days after the Closing Date, iHeartCommunications or the Company will pay the other any intercompany liability incurred from April 1, 2019 through the Closing Date. In addition, pursuant to the Separation Agreement, the Company received (i) the trademarks listed on the schedules to the Separation Agreement and (ii) reimbursement of the reasonable expenses of legal counsel and financial advisors incurred on or prior to the Closing Date of CCOH’s board of directors or the special committee of CCOH’s board of directors, in each case, to the extent incurred in connection with the Separation.

On May 1, 2019, the Effective Date, the conditions to the effectiveness of the iHeartMedia Plan of Reorganization were satisfied and the Debtors emerged from Chapter 11. For more information regarding the Merger, Separation Agreement and the Transactions after the Effective Date, refer to the “-Explanatory Note” found in the Company’s 8-K filed on May 2, 2019.

Due from iHeartCommunications

The Company recorded net amounts due from or to iHeartCommunications as “Due from/to iHeartCommunications” on the carve-out balance sheets, net of allowance for credit losses. The accounts represented the revolving promissory note issued by CCOH to iHeartCommunications and the revolving promissory note issued by iHeartCommunications to CCOH in the face amount of \$1.0 billion, or if more or less than such amount, the aggregate unpaid principal amount of all advances. The accounts accrued interest pursuant to the terms of the promissory notes and were generally payable on demand or when they were scheduled to mature on May 15, 2019.

Included in the accounts were the net activities resulting from day-to-day cash management services provided by iHeartCommunications. As a part of these services, CCOH maintained collection bank accounts swept daily into accounts of iHeartCommunications (after satisfying the CCOH’s controlled disbursement accounts and the funding requirements of the Trustee Accounts under the CCWH Senior Notes and the CCWH Subordinated Notes). CCOH’s claim in relation to cash transferred from its concentration account was on an unsecured basis and was limited to the balance of the “Due from iHeartCommunications” account.

Pursuant to an order entered by the Bankruptcy Court, as of March 14, 2018, the balance of the Due from iHeartCommunications Note was frozen, and following March 14, 2018, intercompany allocations that would have been reflected in adjustments to the balance of the Due from iHeartCommunications Note were instead reflected in an intercompany balance that accrued interest at a rate equal to the interest under the Due from iHeartCommunications Note.

As of March 31, 2019 and December 31, 2018, the asset recorded in “Due from iHeartCommunications” on the carve-out balance sheet was \$154.8 million. CCOH did not expect that it would be able to recover all of the amounts owed under the Due from iHeartCommunications Note upon the implementation of the iHeartMedia Plan of Reorganization. As a result, CCOH recognized a loss of \$855.6 million on the Due from iHeartCommunications Note during the fourth quarter of 2017 to reflect the estimated recoverable amount of the note as of December 31, 2017, based on management’s best estimate of the cash settlement amount. In addition, upon the filing of the iHeart Chapter 11 Cases on March 14, 2018, CCOH ceased recording interest income on the pre-petition balance due from iHeartCommunications as the collectability of the interest was not considered

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probable. As a result of the \$855.6 million allowance on the Due from iHeartCommunications Note recognized during the fourth quarter of 2017 and the \$21.3 million reserve recognized in relation to interest incurred during the pre-petition period in the three months ended March 31, 2018, the outstanding principal amount of \$1,031.7 million was reduced to \$154.8 million as of March 31, 2019 on the carve-out balance sheet. Pursuant to the Settlement Agreement, CCOH agreed to a recovery amount of 14.44% of the outstanding principal amount, or approximately \$149.0 million, in cash on the allowed claim of \$1,031.7 million under the Due from iHeartCommunications Note.

Other Related Party Transactions

The Company provided advertising space on its billboards for iHeartMedia, Inc. and for radio stations owned by iHeartMedia, Inc. For the three months ended March 31, 2019 and 2018, the Company recorded \$1.0 million and \$1.5 million, respectively, in revenue for these advertisements. The majority of these agreements were leasing transactions as they conveyed to iHeartMedia, Inc. the right to control the use of the Company's advertising structures for a stated period of time.

Under the Corporate Services Agreement between iHeartCommunications and CCOH, iHeartCommunications provided management services to the Company, which included, among other things: (i) treasury, payroll and other financial related services; (ii) certain 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; (viii) licensing of intellectual property, copyrights, trademarks and other intangible assets and (ix) other general corporate services. These services were charged to the Company based on actual direct costs incurred or allocated by iHeartCommunications based on headcount, revenue or other factors on a pro rata basis. For the three months ended March 31, 2019 and 2018, the Company recorded \$7.4 million and \$17.2 million, respectively, as a component of corporate expenses for these services. The lower management services costs primarily resulted from iHeartCommunications no longer charging the trademark licensing fee in 2019. On the Closing Date, the Corporate Services Agreement was replaced with a transition services agreement by and among iHeartMedia, iHeartMedia Management Services, Inc., iHeartCommunications and the Company.

Pursuant to the Tax Matters Agreement between iHeartCommunications and CCOH, the operations of the Company were included in a consolidated federal income tax return filed by iHeartCommunications. The Company's provision for income taxes had been computed on the basis that the Company files separate federal income tax returns with its subsidiaries. Tax payments were made to iHeartCommunications on the basis of the Company's separate taxable income. Tax benefits recognized on CCOH's employee stock option exercises were retained by the Company. In addition, if iHeartCommunications or its subsidiaries used certain of CCOH's tax attributes (including net operating losses, foreign tax credits and other credits) and such use resulted in a decrease in tax liability for iHeartCommunications or its subsidiaries, then iHeartCommunications would reimburse us for the use of such attributes based on the amount of tax benefit realized. In connection with the iHeartMedia Plan of Reorganization, CCOH, iHeartMedia and certain related entities entered into a new tax matters agreement (the "New Tax Matters Agreement") to allocate the responsibility of iHeartMedia and its subsidiaries, on the one hand, and CCOH and its subsidiaries, on the other, for the payment of taxes arising prior to and subsequent to, and/or in connection with the iHeartMedia Plan of Reorganization. The New Tax Matters Agreement provides that any reduction of our tax attributes as a result of cancellation of indebtedness income realized in connection with the iHeart Chapter 11 Cases is not treated as a use of such tax attributes and, therefore, does not require iHeartMedia to reimburse CCOH for such reduction.

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The Company computes its deferred income tax provision using the liability method in accordance with the provisions of ASC 740-10, as if the Company was a separate taxpayer. Deferred tax assets and liabilities are determined based on differences between the financial reporting basis and tax basis 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.

Pursuant to the Employee Matters Agreement, the Company's employees participated in iHeartCommunications' employee benefit plans, including employee medical insurance and a 401(k) retirement benefit plan. For the three months ended March 31, 2019 and 2018, the Company recorded \$2.3 million and \$2.3 million, respectively, as a component of selling, general and administrative expenses for these services.

NOTE 8 – INCOME TAXES

Income Tax Benefit (Expense)

The Company's income tax benefit (expense) for the three months ended March 31, 2019 and 2018 consisted of the following components:

<i>(In thousands)</i>	Three Months Ended March 31,	
	2019	2018
Current tax expense	\$ (71,720)	\$ (28,456)
Deferred tax benefit (expense)	13,957	(16,911)
Income tax expense	<u>\$ (57,763)</u>	<u>\$ (45,367)</u>

The effective tax rate for the three months ended March 31, 2019 and 2018 was (51.7)% and (51.9)%, respectively. The effective rate for both periods was primarily impacted by the valuation allowance recorded against deferred tax assets resulting from current period net operating losses in U.S. federal, state and certain foreign jurisdictions due to uncertainty regarding the Company's ability to realize those assets in future periods.

NOTE 9 – SHARE-BASED COMPENSATION

CCOH has granted restricted stock, restricted stock units and options to purchase shares of its Class A common stock to certain key individuals.

NOTE 10 – OTHER INFORMATION

Other Comprehensive Income (Loss)

There was no change in deferred income tax liabilities resulting from adjustments to comprehensive loss for the three months ended March 31, 2019 and 2018.

Preferred Equity Commitment

On April 8, 2019, the Company entered into a Preferred Equity Commitment Letter (the "Commitment Letter") with an investor. Pursuant to the Commitment Letter, the investor purchased 45,000 shares of Series A Perpetual Preferred Stock, par value \$0.01 per share ("Preferred Stock"), of the Company having an aggregate initial liquidation preference of \$45 million for a cash purchase price of \$45 million.

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Dividends on the Preferred Stock accrue on a daily basis at the applicable dividend rate on the then-current liquidation preference of the Preferred Stock, as and when declared by the board of directors. Dividends are either (a) payable in cash, if and to the extent declared by the board of directors, or (b) added to the liquidation preference. The dividend rate will be equal to (i) the greater of (a) a published LIBOR rate or (b) two (2%) percent plus (ii) either a cash dividend margin or an accruing dividend margin, in each case based on the Company's consolidated leverage ratio, subject to certain adjustments. At any leverage ratio, the accruing dividend margin will exceed the cash dividend margin by 1.5%. Dividends, if declared, will be payable on March 31, June 30, September 30 and December 31 of each year (or on the next business day if such date is not a business day).

The Company may redeem any of the Preferred Stock, at its option, at any time on or after the third anniversary of the issue date (May 1, 2019), in each case, in cash at a redemption price equal to the liquidation preference per share. Upon consummation of certain equity offerings, the Company may, at its option, redeem all or a part of the Preferred Stock for the liquidation preference plus a make-whole premium. In addition, upon the occurrence of, among other things (i) any change of control, (ii) a liquidation, dissolution, or winding up or (iii) certain insolvency events, each holder may require the Company to redeem for cash all of the then outstanding shares of Preferred Stock. In addition, the holders of Preferred Shares may require a designated subsidiary of the Company to purchase the shares after the fifth anniversary of issuance.

On the tenth anniversary of the issue date (May 1, 2019), the Preferred Stock will be subject to mandatory redemption for an amount equal to the liquidation preference.

The certificate of designations for the Preferred Stock limit the Company's ability to incur additional debt or any other security ranking pari passu with or senior to the Preferred Stock, other than in (a) an amount not to exceed \$300 million on a cumulative basis or (b) subject to an incurrence-based leverage test, subject to other customary carve-outs. The certificate of designations also sets forth certain limitations on the Company's ability to declare or make certain dividends and distributions and engage in certain reorganizations.

NOTE 11 – SEGMENT DATA

The Company has two reportable segments, which it believes best reflect how the Company is currently managed – Americas and International. The Americas segment consists of operations primarily in the United States, and the International segment primarily includes operations in Europe, Asia and Latin America. The Americas and International display inventory consists primarily of billboards, street furniture displays and transit displays. Corporate includes infrastructure and support including information technology, human resources, legal, finance and administrative functions of each of the Company's reportable segments, as well as overall executive, administrative and support functions. Share-based payments are recorded in corporate expenses.

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The following table presents the Company's reportable segment results for the three months ended March 31, 2019 and 2018:

<i>(In thousands)</i>	Americas	International	Corporate and other reconciling items	Total
Three Months Ended March 31, 2019				
Revenue	\$272,722	\$ 314,394	\$ —	\$587,116
Direct operating expenses	130,519	217,308	—	347,827
Selling, general and administrative expenses	51,636	71,330	—	122,966
Corporate expenses	—	—	28,614	28,614
Depreciation and amortization	39,496	34,581	999	75,076
Other operating expense, net	—	—	(3,522)	(3,522)
Operating income (loss)	<u>\$ 51,071</u>	<u>\$ (8,825)</u>	<u>\$ (33,135)</u>	<u>\$ 9,111</u>
Capital expenditures	\$ 11,408	\$ 14,819	\$ 1,946	\$ 28,173
Share-based compensation expense	\$ —	\$ —	\$ 1,834	\$ 1,834
Three Months Ended March 31, 2018				
Revenue	\$255,847	\$ 342,551	\$ —	\$598,398
Direct operating expenses	124,873	236,416	—	361,289
Selling, general and administrative expenses	48,950	78,458	—	127,408
Corporate expenses	—	—	35,435	35,435
Depreciation and amortization	44,504	38,565	991	84,060
Other operating expense, net	—	—	(54)	(54)
Operating income (loss)	<u>\$ 37,520</u>	<u>\$ (10,888)</u>	<u>\$ (36,480)</u>	<u>\$ (9,848)</u>
Capital expenditures	\$ 12,907	\$ 15,272	\$ 493	\$ 28,672
Share-based compensation expense	\$ —	\$ —	\$ 2,106	\$ 2,106

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
NOTES TO CARVE-OUT FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 12 – GUARANTOR SUBSIDIARIES

CCOH (the “Parent Company”) and certain of CCOH’s direct and indirect wholly-owned domestic subsidiaries (the “Guarantor Subsidiaries”) fully and unconditionally guarantee on a joint and several basis certain of the outstanding indebtedness of CCWH. The following consolidating schedules present financial information on a combined basis in conformity with the SEC’s Regulation S-X Rule 3-10(d):

(In thousands)

	March 31, 2019					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash and cash equivalents	\$ 1,562	\$ —	\$ 20,753	\$ 148,195	\$ —	\$ 170,510
Accounts receivable, net of allowance	—	—	202,696	433,824	—	636,520
Intercompany receivables	—	716,437	2,783,630	43,840	(3,543,907)	—
Prepaid expenses	—	1,211	25,107	33,968	—	60,286
Other current assets	—	—	1,346	30,296	—	31,642
Total Current Assets	1,562	717,648	3,033,532	690,123	(3,543,907)	898,958
Structures, net	—	—	575,719	438,969	—	1,014,688
Other property, plant and equipment, net	—	—	122,732	107,140	—	229,872
Indefinite-lived intangibles	—	—	971,163	—	—	971,163
Other intangibles, net	—	—	232,174	17,010	—	249,184
Goodwill	—	—	507,820	194,999	—	702,819
Operating lease right-of-use assets	—	—	1,006,077	998,409	—	2,004,486
Due from iHeartCommunications	154,758	—	—	—	—	154,758
Intercompany notes receivable	182,026	5,184,629	4,895	16,272	(5,387,822)	—
Other assets	106,762	(3,672)	1,213,685	71,031	(1,288,100)	99,706
Total Assets	\$ 445,108	\$5,898,605	\$7,667,797	\$ 2,533,953	\$(10,219,829)	\$ 6,325,634
Accounts payable	\$ —	\$ —	\$ 33,142	\$ 71,884	\$ —	\$ 105,026
Intercompany payable	2,783,630	—	760,277	—	(3,543,907)	—
Current operating lease liabilities	—	—	102,663	263,770	—	366,433
Accrued expenses	11,952	2,428	113,380	343,434	—	471,194
Deferred revenue	—	—	45,101	58,138	—	103,239
Current portion of long-term debt	—	—	234	—	—	234
Total Current Liabilities	2,795,582	2,428	1,054,797	737,226	(3,543,907)	1,046,126
Long-term debt	—	4,918,330	3,594	371,481	—	5,293,405
Noncurrent operating lease liabilities	—	—	907,067	761,491	—	1,668,558
Intercompany notes payable	—	16,273	5,107,467	264,082	(5,387,822)	—
Due to iHeartCommunications, post iHeart Chapter 11	—	—	—	—	—	—
Cases	73,747	—	—	—	—	73,747
Deferred tax liability	(35,587)	854	424,763	(66,570)	—	323,460
Other long-term liabilities	537	—	72,259	103,372	—	176,168
Total Company Equity (Deficit)	(2,389,171)	960,720	97,850	362,871	(1,288,100)	(2,255,830)
Total Liabilities and Company Equity (Deficit)	\$ 445,108	\$5,898,605	\$7,667,797	\$ 2,533,953	\$(10,219,829)	\$ 6,325,634

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
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(UNAUDITED)

(In thousands)

	December 31, 2018					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash and cash equivalents	\$ 1,560	\$ —	\$ 18,464	\$ 162,432	\$ —	\$ 182,456
Accounts receivable, net of allowance	—	—	226,230	480,079	—	706,309
Intercompany receivables	—	773,844	2,807,601	66,551	(3,647,996)	—
Prepaid expenses	329	1,211	52,052	42,142	—	95,734
Other current assets	—	—	2,857	28,444	—	31,301
Total Current Assets	1,889	775,055	3,107,204	779,648	(3,647,996)	1,015,800
Structures, net	—	—	594,456	458,560	—	1,053,016
Other property, plant and equipment, net	—	—	127,449	108,473	—	235,922
Indefinite-lived intangibles	—	—	971,163	—	—	971,163
Other intangibles, net	—	—	235,326	17,536	—	252,862
Goodwill	—	—	507,820	198,183	—	706,003
Due from iHeartCommunications	154,758	—	—	—	—	154,758
Intercompany notes receivable	182,026	5,116,629	4,895	16,272	(5,319,822)	—
Other assets	252,239	44,792	1,291,278	80,466	(1,536,271)	132,504
Total Assets	\$ 590,912	\$ 5,936,476	\$ 6,839,591	\$ 1,659,138	\$ (10,504,089)	\$ 4,522,028
Accounts payable	\$ —	\$ —	\$ 30,206	\$ 83,508	\$ —	\$ 113,714
Intercompany payable	2,807,601	—	840,395	—	(3,647,996)	—
Accrued expenses	33,632	1,599	68,484	427,108	—	530,823
Deferred revenue	—	—	45,914	39,138	—	85,052
Current portion of long-term debt	—	—	227	—	—	227
Total Current Liabilities	2,841,233	1,599	985,226	549,754	(3,647,996)	729,816
Long-term debt	—	4,902,447	3,654	371,007	—	5,277,108
Intercompany notes payable	—	16,273	5,039,418	264,131	(5,319,822)	—
Due to iHeartCommunications, post iHeart Chapter 11 Cases	21,591	—	—	—	—	21,591
Deferred tax liability	(46,739)	853	428,319	(47,418)	—	335,015
Other long-term liabilities	542	—	139,647	119,961	—	260,150
Total Company Equity (Deficit)	(2,225,715)	1,015,304	243,327	401,703	(1,536,271)	(2,101,652)
Total Liabilities and Company Equity (Deficit)	\$ 590,912	\$ 5,936,476	\$ 6,839,591	\$ 1,659,138	\$ (10,504,089)	\$ 4,522,028

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
NOTES TO CARVE-OUT FINANCIAL STATEMENTS
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(In thousands)

	Three Months Ended March 31, 2019					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue	\$ —	\$ —	\$ 270,452	\$ 316,664	\$ —	\$ 587,116
Operating expenses:						
Direct operating expenses	—	—	129,054	218,773	—	347,827
Selling, general and administrative expenses	—	—	51,379	71,587	—	122,966
Corporate expenses	1,109	—	16,885	10,620	—	28,614
Depreciation and amortization	—	—	40,212	34,864	—	75,076
Other operating expense, net	(113)	—	(424)	(2,985)	—	(3,522)
Operating income (loss)	(1,222)	—	32,498	(22,165)	—	9,111
Interest expense	805	104,565	586	8,907	—	114,863
Intercompany interest income	5,464	104,990	6,471	—	(116,925)	—
Intercompany interest expense	811	250	110,454	5,410	(116,925)	—
Equity in loss of nonconsolidated affiliates	(144,442)	(31,410)	(37,676)	(348)	213,669	(207)
Loss on extinguishment of debt	—	(5,474)	—	—	—	(5,474)
Other income (expense), net	—	—	(2,763)	2,405	—	(358)
Loss before income taxes	(141,816)	(36,709)	(112,510)	(34,425)	213,669	(111,791)
Income tax expense	(22,351)	(821)	(31,932)	(2,659)	—	(57,763)
Net loss	(164,167)	(37,530)	(144,442)	(37,084)	213,669	(169,554)
Less amount attributable to noncontrolling interest	—	—	—	(5,387)	—	(5,387)
Net loss attributable to the majority owners of the Outdoor Business of CCH	<u>\$ (164,167)</u>	<u>\$ (37,530)</u>	<u>\$ (144,442)</u>	<u>\$ (31,697)</u>	<u>\$ 213,669</u>	<u>\$ (164,167)</u>
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	—	—	15,378	(12,829)	—	2,549
Equity in subsidiary comprehensive loss	(1,035)	(17,054)	(16,413)	—	34,502	—
Comprehensive loss	(165,202)	(54,584)	(145,477)	(44,526)	248,171	(161,618)
Less amount attributable to noncontrolling interest	—	—	—	3,584	—	3,584
Comprehensive loss attributable to the majority owners of the Outdoor Business of CCH	<u>\$ (165,202)</u>	<u>\$ (54,584)</u>	<u>\$ (145,477)</u>	<u>\$ (48,110)</u>	<u>\$ 248,171</u>	<u>\$ (165,202)</u>

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
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(UNAUDITED)

(In thousands)

	Three Months Ended March 31, 2018					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenue	\$ —	\$ —	\$ 253,663	\$ 344,735	\$ —	\$ 598,398
Operating expenses:						
Direct operating expenses	—	—	123,345	237,944	—	361,289
Selling, general and administrative expenses	—	—	48,723	78,685	—	127,408
Corporate expenses	3,059	—	23,922	8,454	—	35,435
Depreciation and amortization	—	—	45,228	38,832	—	84,060
Other operating income (expense), net	(104)	—	(600)	650	—	(54)
Operating income (loss)	(3,163)	—	11,845	(18,530)	—	(9,848)
Interest (income) expense, net	(2)	88,169	388	8,709	—	97,264
Intercompany interest income	4,146	90,228	5,297	—	(99,671)	—
Intercompany interest expense	—	217	94,374	5,080	(99,671)	—
Equity in earnings (loss) of nonconsolidated affiliates	(116,424)	(6,509)	(6,279)	(127)	129,527	188
Other income, net	416	—	1,641	17,396	—	19,453
Loss before income taxes	(115,023)	(4,667)	(82,258)	(15,050)	129,527	(87,471)
Income tax benefit (expense)	(13,399)	(2,662)	(34,166)	4,860	—	(45,367)
Net loss	(128,422)	(7,329)	(116,424)	(10,190)	129,527	(132,838)
Less amount attributable to noncontrolling interest	—	—	—	(4,416)	—	(4,416)
Net loss attributable to the majority owners of the Outdoor Business of CCH	<u>\$ (128,422)</u>	<u>\$ (7,329)</u>	<u>\$ (116,424)</u>	<u>\$ (5,774)</u>	<u>\$ 129,527</u>	<u>\$ (128,422)</u>
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	—	—	70	6,712	—	6,782
Equity in subsidiary comprehensive income (loss)	1,546	(742)	1,476	—	(2,280)	—
Comprehensive income (loss)	(126,876)	(8,071)	(114,878)	938	127,247	(121,640)
Less amount attributable to noncontrolling interest	—	—	—	5,236	—	5,236
Comprehensive loss attributable to the majority owners of the Outdoor Business of CCH	<u><u>\$ (126,876)</u></u>	<u><u>\$ (8,071)</u></u>	<u><u>\$ (114,878)</u></u>	<u><u>\$ (4,298)</u></u>	<u><u>\$ 127,247</u></u>	<u><u>\$ (126,876)</u></u>

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
NOTES TO CARVE-OUT FINANCIAL STATEMENTS
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(In thousands)

	Three Months Ended March 31, 2019					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash flows from operating activities:						
Net loss	\$ (164,167)	\$ (37,530)	\$ (144,442)	\$ (37,084)	\$ 213,669	\$ (169,554)
Reconciling items:						
Depreciation and amortization	—	—	40,212	34,864	—	75,076
Deferred taxes	11,152	1	(3,556)	(21,554)	—	(13,957)
Provision for doubtful accounts	—	—	991	855	—	1,846
Amortization of deferred financing charges and note discounts, net	—	2,161	—	475	—	2,636
Share-based compensation	—	—	1,682	152	—	1,834
Loss on disposal of operating assets, net	—	—	424	2,985	—	3,409
Equity in loss of nonconsolidated affiliates	144,442	31,410	37,676	348	(213,669)	207
Loss on extinguishment of debt	—	5,474	—	—	—	5,474
Foreign exchange transaction gain	—	—	(564)	—	—	(564)
Other reconciling items, net	—	—	(866)	(782)	—	(1,648)
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:						
Decrease in accounts receivable	—	—	22,544	46,705	—	69,249
(Increase) decrease in prepaids and other current assets	329	—	(18,703)	(7,884)	—	(26,258)
Increase (decrease) in accrued expenses	(21,680)	225	47,654	(49,222)	—	(23,023)
Increase (decrease) in accounts payable	—	—	2,936	(10,765)	—	(7,829)
Increase in accrued interest	—	604	446	8,390	—	9,440
Increase (decrease) in deferred income	—	—	(1,396)	19,717	—	18,321
Changes in other operating assets and liabilities	—	—	3,956	3,705	—	7,661
Net cash provided by (used for) operating activities	\$ (29,924)	\$ 2,345	\$ (11,006)	\$ (9,095)	\$ —	\$ (47,680)
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	—	(13,338)	(14,835)	—	(28,173)
Proceeds from disposal of assets	—	—	480	121	—	601
Increase in intercompany notes receivable, net	—	(68,000)	—	—	68,000	—
Change in other, net	—	—	—	(4)	—	(4)
Net cash used for investing activities	\$ —	\$ (68,000)	\$ (12,858)	\$ (14,718)	\$ 68,000	\$ (27,576)
Cash flows from financing activities:						
Proceeds from long-term debt	—	2,235,000	—	—	—	2,235,000
Payments on long-term debt	—	(2,200,000)	(54)	—	—	(2,200,054)
Net transfers from iHeartCommunications	52,156	—	—	—	—	52,156
Dividends and other payments to noncontrolling interests	—	—	—	(69)	—	(69)
Dividends paid	(4)	—	—	—	—	(4)
Increase in intercompany notes payable, net	—	—	68,000	—	(68,000)	—
Intercompany funding	(22,292)	57,407	(41,790)	6,675	—	—
Deferred financing charges	—	(26,752)	—	—	—	(26,752)
Change in other, net	66	—	(3)	—	—	63
Net cash provided by financing activities	\$ 29,926	\$ 65,655	\$ 26,153	\$ 6,606	\$ (68,000)	\$ 60,340
Effect of exchange rate changes on cash	—	—	—	586	—	586
Net increase (decrease) in cash, cash equivalents and restricted cash	2	—	2,289	(16,621)	—	(14,330)
Cash, cash equivalents and restricted cash at beginning of year	1,560	—	18,464	182,845	—	202,869
Cash, cash equivalents and restricted cash at end of year	\$ 1,562	\$ —	\$ 20,753	\$ 166,224	\$ —	\$ 188,539

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
NOTES TO CARVE-OUT FINANCIAL STATEMENTS
(UNAUDITED)

(In thousands)

	Three Months Ended March 31, 2018					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash flows from operating activities:						
Net loss	\$ (128,422)	\$ (7,329)	\$ (116,424)	\$ (10,190)	\$ 129,527	\$ (132,838)
Reconciling items:						
Depreciation and amortization	—	—	45,228	38,832	—	84,060
Deferred taxes	25,729	—	(9,182)	364	—	16,911
Provision for doubtful accounts	—	—	854	832	—	1,686
Amortization of deferred financing charges and note discounts, net	—	2,204	—	424	—	2,628
Share-based compensation	—	—	1,800	306	—	2,106
Gain on sale of operating and fixed assets	—	—	(136)	(52)	—	(188)
Equity in (earnings) loss of nonconsolidated affiliates	116,424	6,509	6,279	127	(129,527)	(188)
Foreign exchange transaction gain	—	—	(41)	(19,559)	—	(19,600)
Other reconciling items, net	—	—	(562)	(407)	—	(969)
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:						
Decrease in accounts receivable	—	—	11,886	24,431	—	36,317
(Increase) decrease in prepaids and other current assets	27	358	(19,065)	(19,743)	—	(38,423)
Increase (decrease) in accrued expenses	(12,620)	3,977	26,776	(43,565)	—	(25,432)
Increase in accounts payable	—	—	21,569	9,005	—	30,574
Increase in accrued interest	—	—	376	8,115	—	8,491
Increase in deferred income	—	—	16,740	30,644	—	47,384
Changes in other operating assets and liabilities	(1,981)	—	(870)	(4,642)	—	(7,493)
Net cash provided by (used for) operating activities	\$ (843)	\$ 5,719	\$ (14,772)	\$ 14,922	\$ —	\$ 5,026
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	—	(13,345)	(15,327)	—	(28,672)
Proceeds from disposal of assets	—	—	577	704	—	1,281
Increase in intercompany notes receivable, net	—	(9,350)	—	—	9,350	—
Change in other, net	—	—	1	133	—	134
Net cash used for investing activities	\$ —	\$ (9,350)	\$ (12,767)	\$ (14,490)	\$ 9,350	\$ (27,257)
Cash flows from financing activities:						
Payments on long-term debt	—	—	(34)	(121)	—	(155)
Net transfers from iHeartCommunications	60,677	—	—	—	—	60,677
Dividends and other payments to noncontrolling interests	—	—	—	(97)	—	(97)
Dividends paid	(29,910)	—	1,111	(1,111)	—	(29,910)
Increase in intercompany notes payable, net	—	—	—	9,350	(9,350)	—
Intercompany funding	(29,816)	3,631	19,111	7,074	—	—
Change in other, net	(16)	—	—	—	—	(16)
Net cash provided by financing activities	\$ 935	\$ 3,631	\$ 20,188	\$ 15,095	\$ (9,350)	\$ 30,499
Effect of exchange rate changes on cash	—	—	—	3,292	—	3,292
Net increase (decrease) in cash, cash equivalents and restricted cash	92	—	(7,351)	18,819	—	11,560
Cash, cash equivalents and restricted cash at beginning of year	27,653	—	22,841	137,816	—	188,310
Cash, cash equivalents and restricted cash at end of year	\$ 27,745	\$ —	\$ 15,490	\$ 156,635	\$ —	\$ 199,870

**UNAUDITED PRO FORMA CARVE-OUT FINANCIAL STATEMENTS OF THE OUTDOOR
BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.**

Capitalized terms used herein and not defined have the meanings ascribed to them in the original Current Report on Form 8-K filed by Clear Channel Outdoor Holdings, Inc. on May 2, 2019. As used herein, the term “CCOH” refers to Old CCOH prior to the consummation of the Transactions, and to the Company after the consummation of the transactions.

The following unaudited pro forma carve-out financial statements have been developed by applying pro forma adjustments to the historical carve-out financial statements of the Outdoor Business of Clear Channel Holdings, Inc. (“CCH” or the “Company”). The unaudited pro forma carve-out balance sheet as of March 31, 2019 gives effect to the Separation and related transactions (collectively, the “Transactions”), as defined elsewhere in this Amendment to Current Report on Form 8-K (the “Form 8-K”), as if they had occurred on March 31, 2019. The unaudited pro forma carve-out statements of operations for the three months ended March 31, 2019 and the year ended December 31, 2018 give effect to the Transactions and the CCWH Refinancing (as defined below) as if they had occurred on January 1, 2018. All pro forma adjustments and underlying assumptions are described more fully in the notes to the unaudited pro forma carve-out financial statements.

The unaudited pro forma carve-out statements of operations do not include the effects of nonrecurring impacts arising directly as a result of the Transactions. The unaudited pro forma carve-out balance sheet as of March 31, 2019 and the unaudited pro forma carve-out statement of operations for the three months ended March 31, 2019 have been derived from the unaudited historical carve-out financial statements of the Outdoor Business of CCH included in this Form 8-K. The unaudited pro forma carve-out statement of operations for the year ended December 31, 2018 has been derived from the audited historical carve-out financial statements of the Outdoor Business of CCH not included in this Form 8-K. The amounts in the tables may not add due to rounding.

The unaudited pro forma carve-out financial information presented in this Form 8-K is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the Transactions and the CCWH Refinancing were completed on the dates indicated, nor is it indicative of future operating results or financial position. The pro forma adjustments are based upon available information and certain assumptions that management believes to be reasonable.

You should read these unaudited pro forma carve-out financial statements in conjunction with:

- the accompanying notes to the unaudited pro forma carve-out financial statements;
- the unaudited historical carve-out financial statements of the Outdoor Business of CCH as of March 31, 2019 and for the three-month periods ended March 31, 2019 and 2018 included in this Form 8-K; and
- the audited historical carve-out financial statements of the Outdoor Business of CCH for the year ended December 31, 2018 not included in this Form 8-K.

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
UNAUDITED PRO FORMA CARVE-OUT BALANCE SHEET

As of March 31, 2019
(in thousands)

	Historical	Transaction Adjustments		Pro Forma for the Transactions
ASSETS				
Cash and cash equivalents	\$ 170,510	\$ 151,386	A,B	\$ 321,896
Accounts receivable, net of allowance	636,520	—		636,520
Prepaid expenses	60,286	—		60,286
Other current assets	31,642	—		31,642
Total Current Assets	898,958	151,386		1,050,344
PROPERTY, PLANT AND EQUIPMENT				
Structures, net	1,014,688	—		1,014,688
Other property, plant and equipment, net	229,872	—		229,872
INTANGIBLE ASSETS AND GOODWILL				
Indefinite-lived intangibles - permits	971,163	—		971,163
Other intangible assets, net	249,184	83,909	C	333,093
Goodwill	702,819	—		702,819
OTHER ASSETS				
Operating lease right-of-use assets	2,004,486			2,004,486
Due from iHeartCommunications	154,758	(154,758)	B	—
Other assets	99,706	—		99,706
Total Assets	\$ 6,325,634	\$ 80,537		\$ 6,406,171
CURRENT LIABILITIES				
Accounts payable	\$ 105,026	\$ —		\$ 105,026
Current operating lease liabilities	366,433	—		366,433
Accrued expenses	471,194	—		471,194
Deferred income	103,239	—		103,239
Current portion of long-term debt	234	—		234
Total Current Liabilities	1,046,126	—		1,046,126
Long-term debt	5,293,405	—		5,293,405
Noncurrent operating lease liabilities	1,668,558	—		1,668,558
Due to iHeartCommunications - post petition	73,747	(73,747)	B	—
Mandatorily redeemable preferred stock	—	44,345	A	44,345
Deferred income taxes	323,460	77,555	F	401,015
Other long-term liabilities	176,168	—		176,168
Commitments and contingent liabilities				
COMPANY DEFICIT				
Noncontrolling interest	155,027	—		155,027
Majority owner's net investment	(2,065,333)	2,065,333	D,E	—
New CCOH common stock, par value \$.01 per share	—	3,656	D	3,656
Additional paid-in capital	—	3,119,646	C,D,E	3,119,646
Accumulated deficit	—	(5,156,251)	B,D,E	(5,156,251)
Accumulated other comprehensive income	(345,524)	—		(345,524)
Total Company Deficit	(2,255,830)	32,384		(2,223,446)
Total Liabilities and Company Deficit	\$ 6,325,634	\$ 80,537		\$ 6,406,171

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
UNAUDITED PRO FORMA CARVE-OUT STATEMENT OF OPERATIONS

For the Three Months Ended March 31, 2019

(in thousands)

	<u>Historical</u>	<u>Transaction Adjustments</u>		<u>Pro Forma for the Transactions</u>
Revenue	\$ 587,116	\$ —		\$ 587,116
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	347,827	—		347,827
Selling, general and administrative expenses (excludes depreciation and amortization)	122,966	—		122,966
Corporate expenses (excludes depreciation and amortization)	28,614	—		28,614
Depreciation and amortization	75,076	2,248	I	77,324
Other operating expense, net	(3,522)	—		(3,522)
Operating income	9,111	(2,248)		6,863
Interest expense	114,863	(6,177)	G,J,K	108,686
Equity in earnings (loss) of nonconsolidated affiliates	(207)	—		(207)
Loss on extinguishment of debt	(5,474)	5,474	J	—
Other expense, net	(358)	—		(358)
Loss before income taxes	(111,791)	9,403		(102,388)
Income tax expense	(57,763)	(2,351)	L	(60,114)
Net loss	<u>\$ (169,554)</u>	<u>\$ 7,052</u>		<u>\$ (162,502)</u>

OUTDOOR BUSINESS OF CLEAR CHANNEL HOLDINGS, INC.
UNAUDITED PRO FORMA CARVE-OUT STATEMENT OF OPERATIONS

For the Year Ended December 31, 2018

(in thousands)

	<u>Historical</u>	<u>Transaction</u> <u>Adjustments</u>		<u>Pro Forma for the</u> <u>Transactions</u>
Revenue	\$2,721,705	\$ —		\$ 2,721,705
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	1,470,668	—		1,470,668
Selling, general and administrative expenses (excludes depreciation and amortization)	522,918	—		522,918
Corporate expenses (excludes depreciation and amortization)	152,090	(38,571)	H	113,519
Depreciation and amortization	318,952	8,990	I	327,942
Impairment charges	7,772	—		7,772
Other operating income, net	2,498	—		2,498
Operating income	251,803	29,581		281,384
Interest expense	388,133	44,901	J,K	433,034
Interest income on Due from iHeartCommunications Note	393	(393)	G	—
Equity in earnings (loss) of nonconsolidated affiliates	904	—		904
Other expense, net	(35,297)	—		(35,297)
Loss before income taxes	(170,330)	(15,713)		(186,043)
Income tax expense	(32,515)	3,928	L	(28,587)
Net loss	<u>\$ (202,845)</u>	<u>\$ (11,785)</u>		<u>\$ (214,630)</u>

NOTES TO UNAUDITED PRO FORMA CARVE-OUT FINANCIAL STATEMENTS

NOTE 1: BASIS OF PRESENTATION

The unaudited pro forma carve-out financial statements have been developed by applying pro forma adjustments to the historical unaudited carve-out financial statements of the Outdoor Business of CCH as of and for the three months ended March 31, 2019 included in this Form 8-K and the historical audited carve-out financial statements of the Outdoor Business of CCH for the year ended December 31, 2018 not included in this Form 8-K. The unaudited pro forma carve-out balance sheet as of March 31, 2019 gives effect to the Transactions as if they occurred on March 31, 2019. The unaudited pro forma carve-out statements of operations for the three months ended March 31, 2019 and for the year ended December 31, 2018 give effect to the Transactions and the CCWH Refinancing as if they occurred on January 1, 2018.

As more fully discussed elsewhere in this Form 8-K, the Separation of the Outdoor Business of CCH was effectuated through the following series of transactions:

- CCH was released from its guarantees of all of iHeartCommunications' pre-petition indebtedness and its guarantee of the iHeartCommunications debtor-in-possession credit facility.
- The equity interests of all of the subsidiaries of CCH, other than CCOH, were transferred to iHeart Operations, Inc. ("Radio Newco") in exchange for common stock and preferred stock of Radio Newco, and CCH sold preferred stock of Radio Newco to third parties for cash.
- CCH distributed the common stock of Radio Newco, and the proceeds of the sale of the Radio Newco preferred stock, to iHeartCommunications.
- The outstanding shares of Class B common stock of Old CCOH (the "Old CCOH Class B Common Stock") were converted into shares of Class A common stock of Old CCOH (the "Old CCOH Class A Common Stock" and together with the Old CCOH Class B Common Stock, the "Old CCOH Common Stock").
- Old CCOH merged (the "Merger") with and into CCH with CCH surviving and changing its name to Clear Channel Outdoor Holdings, Inc. (the "Company").
- The outstanding shares of Old CCOH Class A Common Stock held by the public stockholders of Old CCOH were converted in the Merger into an equal number of shares of Common Stock of the Company.
- The Company sold Series A Perpetual Preferred Stock (the "Preferred Stock") to third parties for cash.
- iHeartCommunications transferred the shares of Common Stock it owns to holders of claims pursuant to the iHeartMedia Plan of Reorganization, other than 31,269,762 shares subject to the iHeart Warrants.

In addition, as part of the Settlement Agreement more fully discussed elsewhere in this Form 8-K, iHeartCommunications, CCH and Old CCOH consummated the following transactions:

- The cash sweep agreement under the Corporate Services Agreement and any agreements or licenses requiring royalty payments to iHeartMedia and its affiliated debtor entities (the "Debtors") by CCOH for trademarks or other intellectual property ("Trademark License Fees") were terminated.
- iHeartMedia and the Company entered into a new Transition Services Agreement to provide administrative services currently and historically provided to CCOH by iHeartCommunications.
- The Trademark License Fees charged during the post-petition period were waived by the Debtors.
- The post-petition intercompany balance due to iHeartCommunications was repaid, after being adjusted for the Trademark License Fees charged to CCOH during the post-petition period.
- iHeartMedia contributed the rights, title and interest in and to all tradenames, trademarks, service marks, common law marks and other rights related to the Clear Channel tradename (the "CC Intellectual Property") to the Company.
- The Debtors paid \$107.0 million to the Company, which consisted of the \$149.0 million recovery of the Company's claim under the Due from iHeartCommunications Note, adjusted for the amount owed to iHeartCommunications related to the post-petition intercompany balance.
- iHeartCommunications entered into a credit agreement with Clear Channel Outdoor, LLC, a wholly-owned subsidiary of the Company, to provide a line of credit in an aggregate amount not to exceed \$200 million at the Prime rate of interest.

In February 2019, CCWH, a wholly-owned subsidiary of CCOH, refinanced its \$275.0 million aggregate principal amount of 7.625% Series A Senior Subordinated Notes due 2020 of CCWH and \$1,925.0 million aggregate principal amount of 7.625% Series B Senior Subordinated Notes due 2020 of CCWH (together, the “Old CCWH Subordinated Notes”) with the proceeds from the issuance of \$2,235.0 million aggregate principal amount of the 9.25% Senior Subordinated Notes due 2024 of CCWH (the “New CCWH Subordinated Notes”) (the “CCWH Refinancing”).

NOTE 2: PRO FORMA ADJUSTMENTS FOR THE SEPARATION

Pro Forma Balance Sheet Adjustments

In order to reflect the pro forma capital structure of the Company, the unaudited pro forma carve-out balance sheet of the Outdoor Business of CCH as of March 31, 2019 includes the following adjustments related to the Transactions:

- A. The issuance by the Company of 45,000 shares of Preferred Stock for cash in an aggregate amount equal to \$44.3 million, net of issuance costs. The Preferred Stock includes repurchase rights, pursuant to which the holders of Preferred Stock may require a designated subsidiary of the Company to purchase the shares after the fifth anniversary of issuance. In addition, upon occurrence of (i) any change of control, (ii) a liquidation, dissolution, or winding up or (iii) certain insolvency events, each holder may require the Company to redeem for cash all of the then outstanding shares of Preferred Stock. On the tenth anniversary of the issue date of the Preferred Stock, the shares of Preferred Stock will be subject to mandatory redemption for an amount equal to the liquidation preference. As a result, the Preferred Stock is mandatorily redeemable and is therefore classified as a liability in the unaudited pro forma balance sheet.
- B. The settlement of the Due from iHeartCommunications Note, the post-petition intercompany balance between iHeartCommunications and CCOH and the net payment to the Company of \$107.0 million on the effective date of the Merger (the “Effective Date”). The Separation Agreement provided for (i) the repayment of the post-petition intercompany balance outstanding in favor of the Debtors as of December 31, 2018, which was equal to \$21.6 million as of that date and (ii) the waiver of the set-off value of any royalties and IP license fees owed to iHeartCommunications equal to approximately \$31.8 million from March 14, 2018 through December 31, 2018, such that the resulting intercompany balance on December 31, 2018 was \$10.2 million in favor of CCOH. From January 1, 2019 through March 31, 2019, CCOH incurred an additional intercompany liability of \$52.1 million in favor of iHeartCommunications. Pursuant to an amendment to the Separation Agreement dated April 24, 2019, CCOH agreed to offset the \$149.0 million recovery of CCOH’s claims under the Due from iHeartCommunications Note and the \$10.2 million amount owed by iHeartCommunications as discussed above by \$52.1 million.
- C. The contribution by iHeartCommunications of the CC Intellectual Property to CCOH, which was recorded at its historical book value of \$83.9 million.
- D. The issuance and conversion of shares of common stock in the Merger. Each share of Old CCOH Class A Common Stock (other than shares of Old CCOH Class A Common Stock held by CCH and its subsidiaries) (approximately 325,726,917 shares as of March 31, 2019, after giving effect to the conversion of Old CCOH Class B Common Stock to Old CCOH Class A Common Stock, which happened prior to the Merger) issued and outstanding immediately prior to the Merger were cancelled and converted into the right to receive one share of New CCOH Common Stock. Each share of Old CCOH Class A Common Stock held by CCH and its subsidiaries were cancelled and retired, and no shares of New CCOH Common Stock were exchanged for such shares. The outstanding shares of CCH’s common stock immediately before the Merger converted into a number of shares of New CCOH Common Stock equal to the number of shares of Old CCOH Common Stock held by CCH immediately before the Merger (325,726,917 shares). As a result, the Company had approximately 365,618,611 shares outstanding upon consummation of the Transactions.

- E. The re-designation of majority owner's net investment in CCH as stockholders' accumulated deficit. As a result of the Separation, (i) the majority owner's net investment in CCH will be re-designated as stockholders' deficit, (ii) the Company's additional paid-in capital will reflect Old CCOH's additional paid-in capital, as adjusted for the elimination of Old CCOH's treasury stock, the contribution of the CC Intellectual Property and the waiver of the set-off value of any royalties and IP licenses owed to iHeartCommunications and (iii) the Company's accumulated deficit will reflect Old CCOH's accumulated deficit, plus the \$5.8 million loss on the settlement of the Due from iHeartCommunications Note.
- F. The \$77.6 million increase in deferred tax liabilities results from a reduction of deferred tax assets for federal and state net operating loss carryforwards that occurred at the time of Separation, which is offset in part by a reduction in valuation allowance. Upon completion of the Separation and in connection with iHeartMedia's emergence from bankruptcy proceedings under Chapter 11 of the Bankruptcy Code, the Company's federal and state net operating loss carryforwards will be reduced in accordance with Code Section 108 due to cancellation of debt income, which is not includable in U.S. federal taxable income. The estimated remaining federal and state net operating loss carryforwards upon Separation is zero. Additionally, as a result of the series of transactions to effect the Separation, the Company expects to generate a federal capital loss carryforward which will be available to offset capital gains that may arise in future periods. The resulting deferred tax asset of \$120 million is fully offset by valuation allowance in the pro forma adjustment to deferred income taxes.

Pro Forma Statement of Operations Adjustments

The unaudited pro forma carve-out statements of operations of the Outdoor Business of CCH for the three months ended March 31, 2019 and the year ended December 31, 2018 include the following adjustments related to the Transactions and the CCWH Refinancing:

- G. Elimination of interest income of \$0.4 million recognized on the post-petition balance owed by iHeartCommunications for the year-ended December 31, 2018 and the elimination of interest expense of \$0.8 million recognized on the post-petition balance owed to iHeartCommunications for the three months ended March 31, 2019.
- H. Elimination of trademark license fees of \$38.6 million for the year ended December 31, 2018 charged to CCOH under any agreements or licenses requiring royalty payments to the Debtors by CCOH for trademarks or other intellectual property. No trademark license fees were incurred during the three months ended March 31, 2019.
- I. Increase in amortization expense of \$2.2 million and \$9.0 million for the three months ended March 31, 2019 and the year ended December 31, 2018, respectively, as a result of the contribution of the CC Intellectual Property to CCOH with a remaining useful life of 9.3 years as of March 31, 2019.
- J. For the year ended December 31, 2018, net increase in interest expense of \$40.2 million, resulting from the elimination of interest recognized on the Old CCWH Subordinated Notes of \$171.9 million and the addition of pro forma interest expense of \$212.1 million on the New CCWH Subordinated Notes.

For the three months ended March 31, 2019, net decrease in interest expense of \$6.5 million, resulting from the elimination of interest expense recognized on the Old CCWH Subordinated Notes of \$30.8 million through March 6, 2019 and the addition of pro forma interest expense of \$24.3 million on the New CCWH Subordinated Notes for the period from January 1, 2019 through February 4, 2019. The pro forma interest expense adjustment for the three months ended March 31, 2019 resulted in a reduction in interest expense as both the Old CCWH Subordinated Notes and the New CCWH Subordinated Notes were outstanding from February 4, 2019 to March 6, 2019. For purposes of these pro forma financial statements, the CCWH

Refinancing is assumed to have occurred on January 1, 2018 and therefore the impact on interest expense of having both Notes outstanding during quarter has been eliminated. This decrease is offset by the higher principal amount and higher interest rate on the \$2,235.0 million of New CCWH Subordinated Notes, which bear interest at 9.25% per annum, compared to the \$2,200.0 million of Old CCWH Subordinated Notes, which bore interest at 7.625% per annum.

The adjustment also reflects the elimination of the Loss on extinguishment of debt of \$5.5 million recognized in the three months ended March 31, 2019 as a result of the CCWH Refinancing.

- K. Increase in interest expense of \$1.2 million and \$4.6 million for the three months ended March 31, 2019 and the year ended December 31, 2018, respectively, related to the issuance of the Preferred Stock. As described above, the Preferred Stock is mandatorily redeemable and classified as a liability, with dividends reflected as interest expense in these unaudited pro forma carve out financial statements.

Dividends on the Preferred Stock accrue on a daily basis at the applicable dividend rate on the then-current liquidation preference of the Preferred Stock, as and when declared by the board of directors. Dividends will either (a) be payable in cash, if and to the extent declared by the board of directors, or (b) be added to the liquidation preference. The dividend rate will be equal to (i) the greater of (a) a published LIBOR rate or (b) two (2%) percent plus (ii) either a cash dividend margin or an accruing dividend margin, in each case based on the Company's consolidated leverage ratio, subject to certain adjustments. At any leverage ratio, the accruing dividend margin will exceed the cash dividend margin by 1.5%. For purposes of these unaudited pro forma carve out financial statements, the pro forma dividend is being calculated based on the cash dividend margin, which based on the Company's leverage ratio as of March 31, 2019, is 10.27%.

- L. The adjustments to income tax expense have been calculated assuming a 25% statutory tax rate for the three months ended March 31, 2019 and the year ended December 31, 2018, which is comprised of the U.S. federal tax rate of 21% and a blended 4% rate to account for the various state and local tax jurisdictions in which the Company operates. The effects on income tax expense attributed to the reduction in the deferred tax assets for net operating loss carryforwards and the adjustments to the opening balance of valuation allowance are not included in the unaudited pro forma carve-out statement of operations because the items are non-recurring in nature.

The pro forma statements of operations assume that the costs to be incurred under the new Transition Services Agreement are equivalent to the costs of the services charged to CCOH historically under the Corporate Services Agreement. These pro forma financial statements do not adjust for any one-time costs incurred by CCOH in connection with the Transactions.