

Clear Channel Outdoor Holdings, Inc.
Form DEF 14A
April 13, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Clear Channel Outdoor Holdings, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4) Date Filed:

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

200 East Basse Road, Suite 100

San Antonio, Texas 78209

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held May 27, 2016

As a shareholder of Clear Channel Outdoor Holdings, Inc. (Clear Channel Outdoor or the Company), you are hereby given notice of and invited to attend, in person or by proxy, the annual meeting of shareholders of Clear Channel Outdoor to be held in the Texas A Ballroom at the Hilton San Antonio Airport, located at 611 NW Loop 410, San Antonio, Texas 78216, on May 27, 2016, at 8:00 a.m. local time, for the following purposes:

1. to elect Blair E. Hendrix, Douglas L. Jacobs and Daniel G. Jones to serve as directors for a three year term;
2. to ratify the selection of Ernst & Young LLP as the independent registered public accounting firm of Clear Channel Outdoor for the year ending December 31, 2016; and
3. to transact any other business which may properly come before the meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on April 7, 2016 are entitled to notice of and to vote at the annual meeting.

Two cut-out admission tickets are included on the back cover of this document and are required for admission to the annual meeting. Please contact Clear Channel Outdoor's Secretary at Clear Channel Outdoor's corporate headquarters if you need additional tickets. If you plan to attend the annual meeting, please note that space limitations make it necessary to limit attendance to shareholders and one guest per each shareholder.

Admission to the annual meeting will be on a first-come, first-served basis. Registration and seating will begin at 7:45 a.m. local time. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including mobile telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the annual meeting. The annual meeting will begin promptly at 8:00 a.m. local time.

Your attention is directed to the accompanying proxy statement. In addition, although mere attendance at the annual meeting will not revoke your proxy, if you attend the annual meeting you may revoke your proxy and vote in person. To ensure that your shares are represented at the annual meeting, please complete, date, sign and mail the enclosed proxy card in the return envelope provided for that purpose.

By Order of the Board of Directors

Robert H. Walls, Jr.

Executive Vice President, General Counsel and
Secretary

San Antonio, Texas

April 13, 2016

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 27, 2016**

The Proxy and Annual Report Materials are available at:

www.envisionreports.com/cco

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**2016 ANNUAL MEETING OF SHAREHOLDERS
NOTICE OF ANNUAL MEETING AND PROXY STATEMENT**

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PROXY STATEMENT

This proxy statement contains information related to the annual meeting of shareholders of Clear Channel Outdoor Holdings, Inc. (referred to herein as Clear Channel Outdoor, CCOH, Company, we, our or us) to be held on May 27, 2016, beginning at 8:00 a.m. local time, in the Texas A Ballroom at the Hilton San Antonio Airport, located at 611 NW Loop 410, San Antonio, Texas 78216, and at any postponements or adjournments thereof. This proxy statement is first being sent to shareholders on or about April 20, 2016. The Company will bear the costs of preparing and mailing this proxy statement and other costs of the proxy solicitation made by the Board of Directors of Clear Channel Outdoor (the Board).

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why am I receiving these materials?

A: The Board is providing these proxy materials to you in connection with Clear Channel Outdoor's annual meeting of shareholders (the annual meeting), which will take place on May 27, 2016. The Board is soliciting proxies to be used at the annual meeting. You also are invited to attend the annual meeting and are requested to vote on the proposals described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of our directors and our most highly paid executive officers and certain other required information. Following this proxy statement are excerpts from Clear Channel Outdoor's 2015 Annual Report on Form 10-K, including the Consolidated Financial Statements, Notes to the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as certain other data (Appendix A). A proxy card and a return envelope also are enclosed.

Q: What proposals will be voted on at the annual meeting?

A: There are two proposals scheduled to be voted on at the annual meeting:

the election of the three nominees for directors named in this proxy statement; and
the ratification of the selection of Ernst & Young LLP as Clear Channel Outdoor's independent registered public accounting firm for the year ending December 31, 2016.

Q: Which of my shares may I vote?

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- A: All shares of Class A and Class B common stock owned by you as of the close of business on April 7, 2016 (the Record Date) may be voted by you. These shares include shares that are: (1) held directly in your name as the shareholder of record and (2) held for you as the beneficial owner through a stockbroker, bank or other nominee. Each share of Class A common stock is entitled to one vote at the annual meeting and each share of Class B common stock is entitled to 20 votes at the annual meeting. As of the Record Date, there were 46,563,608 shares of Class A common stock outstanding and 315,000,000 shares of Class B common stock outstanding. 215,000,000 shares of our Class B common stock are held by Clear Channel Holdings, Inc., a wholly owned indirect subsidiary of iHeartMedia, Inc. (iHeartMedia) and 100,000,000 shares of our Class B common stock are held by Broader Media, LLC, a wholly owned indirect subsidiary of iHeartMedia.

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Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most shareholders of Clear Channel Outdoor hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record: If your shares are registered directly in your name with Clear Channel Outdoor's transfer agent, Computershare, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent directly to you by Computershare on behalf of Clear Channel Outdoor. As the shareholder of record, you have the right to grant your voting proxy directly to Clear Channel Outdoor or to vote in person at the annual meeting. Clear Channel Outdoor has enclosed a proxy card for you to use. Please sign and return your proxy card.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote and also are invited to attend the annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the annual meeting, unless you obtain and present at the meeting a signed proxy from the record holder giving you the right to vote the shares. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee regarding how to vote your shares. Please sign and return your voting instruction card.

Q: What constitutes a quorum?

A: The holders of a majority of the total voting power of Clear Channel Outdoor's Class A and Class B common stock entitled to vote and represented in person or by proxy will constitute a quorum at the annual meeting. Votes withheld, abstentions and broker non-votes (described below) are counted as present for purposes of establishing a quorum.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Under New York Stock Exchange (NYSE) rules, brokers have discretion to vote the shares of customers who fail to provide voting instructions on routine matters, but brokers may not vote such shares on non-routine matters without voting instructions. When a broker is not permitted to vote the shares of a customer who does not provide voting instructions, it is called a broker non-vote. If you do not provide your broker with voting instructions, your broker will not be able to vote your shares with respect to the election of directors. Your broker will send you directions on how you can instruct your broker to vote.

As described above, if you do not provide your broker with voting instructions and the broker is not permitted to vote your shares on a proposal, a broker non-vote occurs. Broker non-votes will be counted for purposes of establishing a quorum at the annual meeting and will have no effect on the vote on any of the proposals at the annual meeting.

Q: How can I vote my shares in person at the annual meeting?

A: Shares held directly in your name as the shareholder of record may be voted by you in person at the annual meeting. If you choose to vote your shares held of record in person at the annual meeting, please bring the enclosed proxy card and proof of identification. Even if you plan to attend the annual meeting, Clear Channel Outdoor recommends that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the annual meeting. You may request that your previously

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submitted proxy card not be used if you desire to vote in person when you attend the annual meeting. Shares held in street name may be voted in person by you at the annual meeting only if you obtain and present at the meeting a signed proxy from the record holder giving you the right to vote the shares. Your vote is important. Accordingly, you are urged to sign and return the accompanying proxy card whether or not you plan to attend the annual meeting.

If you plan to attend the annual meeting, please note that space limitations make it necessary to limit attendance to shareholders and one guest per each shareholder. Admission to the annual meeting will be on a first-come, first-served basis. Registration and seating will begin at 7:45 a.m. local time. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the Record Date. Cameras (including mobile telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the annual meeting.

Q: How can I vote my shares without attending the annual meeting?

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, when you return your proxy card or voting instruction card accompanying this proxy statement, properly signed, the shares represented will be voted in accordance with your directions. You can specify your choices by marking the appropriate boxes on the enclosed proxy card or voting instruction card.

For participants in the 401(k) plan who own shares of Clear Channel Outdoor through the plan, the plan permits you to direct the plan trustee on how to vote the Clear Channel Outdoor shares allocated to your account. Your instructions to the plan trustee regarding how to vote your shares will be delivered via the enclosed proxy card. Your proxy card for shares held in the 401(k) must be received by 11:59 p.m. Eastern Time on May 24, 2016. The trustee will vote shares as to which no instructions are received in proportion to voting directions received by the trustee from all plan participants who vote.

Q: What if I return my proxy card without specifying my voting choices?

A: If your proxy card is signed and returned without specifying choices, the shares will be voted as recommended by the Board.

Q: What if I abstain from voting or withhold my vote on a specific proposal?

A: If you withhold your vote on the election of directors, it will have no effect on the outcome of the vote on the election of directors. If you abstain from voting on the ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm for the year ending December 31, 2016, it will have the same effect as a vote against this proposal. Abstentions are counted as present for purposes of determining a quorum.

Q: What does it mean if I receive more than one proxy or voting instruction card?

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

Q: What are Clear Channel Outdoor's voting recommendations?

A: The Board recommends that you vote your shares **FOR** :

each of the three nominees for directors named in this proxy statement; and
the ratification of the selection of Ernst & Young LLP as Clear Channel Outdoor's independent registered
public accounting firm for the year ending December 31, 2016.

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Q: What vote is required to elect the directors and approve each proposal?

A: The directors will be elected by a plurality of the votes properly cast. The ratification of the selection of Ernst & Young LLP as Clear Channel Outdoor's independent registered public accounting firm for the year ending December 31, 2016 will be approved by the affirmative vote of the holders of at least a majority of the total voting power of the voting stock present in person or by proxy at the annual meeting and entitled to vote on the matter.

Q: May I change my vote?

A: If you are a shareholder of record, you may change your vote or revoke your proxy at any time before your shares are voted at the annual meeting by sending the Secretary of Clear Channel Outdoor a proxy card dated later than your last submitted proxy card, notifying the Secretary of Clear Channel Outdoor in writing, or voting in person at the annual meeting. If your shares are held beneficially in street name, you should follow the instructions provided by your broker or other nominee to change your vote.

Q: Where can I find the voting results of the annual meeting?

A: Clear Channel Outdoor will announce preliminary voting results at the annual meeting and publish final results in a Current Report on Form 8-K, which we anticipate filing with the Securities and Exchange Commission (the SEC) by June 3, 2016.

Q: May I access Clear Channel Outdoor's proxy materials from the Internet?

A: Yes. These materials are available at www.envisionreports.com/cco.

THE BOARD OF DIRECTORS

Our Board, which currently consists of nine members, is responsible for overseeing the direction of Clear Channel Outdoor and for establishing broad corporate policies. However, in accordance with corporate legal principles, it is not involved in day-to-day operating details. Members of the Board are kept informed of Clear Channel Outdoor's business through discussions with the Chairman and Chief Executive Officer, the Chief Financial Officer and other executive officers, by reviewing analyses and reports sent to them, by receiving updates from Board committees and by otherwise participating in Board and committee meetings.

COMPOSITION OF THE BOARD OF DIRECTORS

Our Board is divided into three classes serving staggered three-year terms. At each annual meeting of our shareholders, directors will be elected to succeed the class of directors whose terms have expired. As long as iHeartMedia continues to indirectly own shares of our common stock representing more than 50% of the total voting power of our common stock, it will have the ability to direct the election of all the members of our Board, the composition of our Board committees and the size of the Board.

Because iHeartMedia controls more than 50% of the voting power of Clear Channel Outdoor, we have elected to be treated as a controlled company under the NYSE's Corporate Governance Standards. Accordingly, we are exempt from the provisions of the Corporate Governance Standards requiring that: (1) a majority of our Board consists of independent directors; (2) we have a nominating and governance committee composed entirely of independent directors and governed by a written charter addressing the nominating and governance committee's purpose and responsibilities; and (3) we have a compensation committee composed entirely of independent directors with a written charter addressing the compensation committee's purpose and responsibilities. However, notwithstanding this exemption, as described more fully below, we have a

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Compensation Committee composed entirely of independent directors with a written charter addressing the Compensation Committee's purpose and responsibilities.

BOARD MEETINGS

During 2015, the Board held nine meetings. All of Clear Channel Outdoor's directors, other than Mr. Scott R. Wells (who ceased serving as a member of our Board on March 3, 2015) attended at least 75% of the aggregate of all meetings of the Board held during the periods in which they served during 2015. All of Clear Channel Outdoor's directors also attended at least 75% of the aggregate of all meetings of the Board committees on which they served during 2015, other than Douglas L. Jacobs and Dale W. Tremblay with respect to the Intercompany Note Committee.

SHAREHOLDER MEETING ATTENDANCE

Clear Channel Outdoor encourages, but does not require, directors to attend the annual meeting of shareholders. None of the directors attended the annual meeting of shareholders in 2015.

INDEPENDENCE OF DIRECTORS

The Board has adopted a set of Governance Guidelines addressing, among other things, standards for evaluating the independence of Clear Channel Outdoor's directors. The full text of the Governance Guidelines can be found on the investor relations section of Clear Channel Outdoor's website at www.clearchanneloutdoor.com.

The Board has adopted the following standards for determining the independence of its members:

1. A director must not be, or have been within the last three years, an employee of Clear Channel Outdoor. In addition, a director's immediate family member (immediate family member is defined to include a person's spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law and anyone (other than domestic employees) who shares such person's home) must not be, or have been within the last three years, an executive officer of Clear Channel Outdoor.
2. A director or immediate family member must not have received, during any 12 month period within the last three years, more than \$120,000 in direct compensation from Clear Channel Outdoor, other than director or committee fees and pension or other forms of deferred compensation for prior service (and no such compensation may be contingent in any way on continued service).
3. A director must not be a current partner or employee of a firm that is Clear Channel Outdoor's internal or external auditor. In addition, a director must not have an immediate family member who is (a) a current partner of such firm or (b) a current employee of such a firm and personally works on Clear Channel Outdoor's audit. Finally, neither the director nor an immediate family member of the director may have been, within the last three years, a partner or employee of such a firm and personally worked on Clear Channel Outdoor's audit within that time.

4.

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A director or an immediate family member must not be, or have been within the last three years, employed as an executive officer of another company where any of Clear Channel Outdoor's present executive officers at the same time serve or served on that company's compensation committee.

5. A director must not be a current employee, and no director's immediate family member may be a current executive officer, of a material relationship party (material relationship party is defined as any company that has made payments to, or received payments from, Clear Channel Outdoor

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for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues).

6. A director must not own, together with ownership interests of his or her family, ten percent (10%) or more of a material relationship party.
7. A director or immediate family member must not be or have been during the last three years, an executive officer of a charitable organization (or hold a similar position), to which Clear Channel Outdoor makes contributions in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such organization's consolidated gross revenues.
8. A director must be independent as that term is defined from time to time by the rules and regulations promulgated by the SEC, by the listing standards of the NYSE and, with respect to at least two members of the compensation committee, by the applicable provisions of, and rules promulgated under, the Internal Revenue Code of 1986, as amended (collectively, the Applicable Rules). For purposes of determining independence, the Board will consider relationships with Clear Channel Outdoor and any parent or subsidiary in a consolidated group with Clear Channel Outdoor or any other company relevant to an independence determination under the Applicable Rules.

The above independence standards conform to, or are more exacting than, the director independence requirements of the NYSE applicable to Clear Channel Outdoor. The above independence standards are set forth on Appendix A of the Governance Guidelines.

Our Board currently consists of nine directors, one of whom currently serves as our Chairman and Chief Executive Officer. For a director to be independent, the Board must determine that such director does not have any direct or indirect material relationship with Clear Channel Outdoor. Pursuant to the Governance Guidelines, the Board has undertaken its annual review of director independence.

Our Board has affirmatively determined that Douglas L. Jacobs, Thomas R. Shepherd, Christopher M. Temple and Dale W. Tremblay are independent under the listing standards of the NYSE, as well as Clear Channel Outdoor's independence standards set forth above. In addition, the Board has determined that each member of the Compensation Committee is independent and that each member of the Audit Committee is independent under the heightened independence standards required for audit committee members by the rules and regulations of the SEC. In making these determinations, our Board reviewed information provided by the directors and by Clear Channel Outdoor with regard to the directors' business and personal activities as they relate to Clear Channel Outdoor and its affiliates. In the ordinary course of business during 2015, we entered into purchase and sale transactions for products and services with certain entities affiliated with members of our Board, as described below, and the following transactions were considered by our Board in making their independence determinations with respect to Messrs. Jacobs, Shepherd, Temple and Tremblay:

During 2015, a charity for which Mr. Temple serves on the Investment Committee paid us less than \$62,000 for advertising services.

All of the payments described above are for arms-length, ordinary course of business transactions and we generally expect transactions of a similar nature to occur during 2016. Our Board has concluded that such transactions or

relationships do not impair the independence of the director.

The rules of the NYSE require that non-management or independent directors of a listed company meet periodically in executive sessions. In addition, the rules of the NYSE require listed companies to schedule an executive session including only independent directors at least once a year. Clear Channel Outdoor's independent directors met separately in executive session one time during 2015.

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The Board has created the office of Presiding Director to serve as the lead non-management director of the Board. The office of the Presiding Director at all times will be held by an independent director, as that term is defined from time to time by the listing standards of the NYSE and as determined by the Board in accordance with the Board's Governance Guidelines. The Presiding Director has the power and authority to do the following:

- preside at all meetings of non-management directors when they meet in executive session without management participation;
- set agendas, priorities and procedures for meetings of non-management directors meeting in executive session without management participation;
- generally assist the Chairman of the Board;
- add agenda items to the established agenda for meetings of the Board;
- request access to Clear Channel Outdoor's management, employees and its independent advisers for purposes of discharging his or her duties and responsibilities as a director; and
- retain independent outside financial, legal or other advisors at any time, at the expense of Clear Channel Outdoor, on behalf of the Board or any committee or subcommittee of the Board.

The Presiding Director position is rotated among the independent directors, in alphabetical order of last name, effective the first day of each calendar quarter. As of the date of this proxy statement, Douglas L. Jacobs is serving as the Presiding Director.

COMMITTEES OF THE BOARD

The Board historically has had two standing committees: the Audit Committee and the Compensation Committee. Each committee has a written charter, which guides its operations. The written charters of the Audit Committee and the Compensation Committee are available on Clear Channel Outdoor's website at www.clearchanneloutdoor.com.

On October 19, 2013, in accordance with the terms of the settlement of certain derivative litigation relating to a promissory note (the "Due from iHeartCommunications Note") between iHeartCommunications, Inc., our indirect parent entity (iHeartCommunications), as maker, and Clear Channel Outdoor, as payee, our Board established an Intercompany Note Committee of the Board for the specific purpose of monitoring the Due from iHeartCommunications Note. The Intercompany Note Committee has the non-exclusive authority pursuant to the committee's charter approved as part of the settlement to demand repayment under the Due from iHeartCommunications Note under certain circumstances related to iHeartCommunications' liquidity or the amount outstanding under the Due from iHeartCommunications Note as long as the committee declares a simultaneous dividend equal to the amount so demanded. The Intercompany Note Committee receives monthly and annual reports from management pursuant to the committee's charter and the Intercompany Note Committee has the authority to retain, at Clear Channel Outdoor's expense, independent counsel and an independent financial advisor as the Intercompany Note Committee deems appropriate in order to perform its responsibilities.

The table below sets forth the members of each of these committees.

Board Committee Membership

| Name | Audit Committee | Compensation Committee | Intercompany Note Committee |
|------|-----------------|------------------------|-----------------------------|
|------|-----------------|------------------------|-----------------------------|

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| | | | |
|-----------------------|----|----|----|
| Douglas L. Jacobs | *X | X | X |
| Christopher M. Temple | X | | *X |
| Dale W. Tremblay | X | *X | X |

* = Chairman

X = Committee member

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The Audit Committee

The Audit Committee assists the Board in its oversight of the quality and integrity of the accounting, auditing and financial reporting practices of Clear Channel Outdoor. Douglas L. Jacobs has been designated by our Board as an Audit Committee Financial Expert, as defined by the SEC. Mr. Jacobs also serves on the audit committees of three other public companies. Our Board has determined that such simultaneous service on these other audit committees and on our Audit Committee would not impair the ability of Mr. Jacobs to serve effectively on our Audit Committee. The Audit Committee met four times during 2015. All members of the Audit Committee are independent as defined by the listing standards of the NYSE and Clear Channel Outdoor's independence standards and satisfy the other requirements for audit committee membership, including the heightened independence standards, of the NYSE and the SEC.

The Audit Committee's primary responsibilities, which are discussed in detail within its charter, include the following, subject to the consent of our corporate parent:

- be responsible for the appointment, compensation, retention and oversight of the work of the independent registered public accounting firm and any other registered public accounting firm engaged for the purpose of preparing an audit report or to perform other audit, review or attest services and all fees and other terms of their engagement;
- review and discuss reports regarding the independent registered public accounting firm's independence;
- review with the independent registered public accounting firm the annual audit scope and plan;
- review with management, the director of internal audit and the independent registered public accounting firm the budget and staffing of the internal audit department;
- review and discuss with management and the independent registered public accounting firm the annual and quarterly financial statements and the specific disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations prior to the filing of the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q;
- review with the independent registered public accounting firm the critical accounting policies and practices used;
- review with management, the independent registered public accounting firm and the director of internal audit Clear Channel Outdoor's internal accounting controls and any significant findings and recommendations;
- discuss guidelines and policies with respect to risk assessment and risk management;
- oversee Clear Channel Outdoor's policies with respect to related party transactions; and
- review with management and the General Counsel the status of legal and regulatory matters that may have a material impact on Clear Channel Outdoor's financial statements and compliance policies.

The full text of the Audit Committee's charter can be found on our website at www.clearchanneloutdoor.com.

The Compensation Committee

The Compensation Committee administers Clear Channel Outdoor's incentive-compensation plans and equity-based plans, determines compensation arrangements for all executive officers, other than our current Chairman and Chief Executive Officer (our former Executive Chairman), Chief Financial Officer, Senior Vice President Corporate Finance, General Counsel and Chief Accounting Officer, and makes recommendations to the Board concerning compensation for directors of Clear Channel Outdoor and its subsidiaries. The Compensation Discussion and Analysis section of this proxy statement provides additional details regarding the basis on which the Compensation Committee determines executive compensation. The Compensation Committee met five times during 2015. All members of the

Compensation Committee are independent as defined by the listing standards of the NYSE and Clear Channel Outdoor's independence standards.

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The Compensation Committee has the ability, under its charter, to select and retain, at the expense of Clear Channel Outdoor, independent legal and financial counsel and other consultants necessary to assist the Compensation Committee as the Compensation Committee may deem appropriate, in its sole discretion. The Compensation Committee also has the authority to select and retain any compensation consultant to be used to survey the compensation practices in Clear Channel Outdoor's industry and to provide advice so that Clear Channel Outdoor can maintain its competitive ability to recruit and retain highly qualified personnel. The Compensation Committee has the sole authority to approve related fees and retention terms for any of its counsel and consultants.

The Compensation Committee's primary purposes, which are discussed in detail within its charter, are to:

- assist the Board in ensuring that a proper system of long-term and short-term compensation is in place to provide performance-oriented incentives to management, and that compensation plans are appropriate and competitive and properly reflect the objectives and performance of management and Clear Channel Outdoor;

- review and approve corporate goals and objectives relevant to the compensation of Clear Channel Outdoor's executive officers, evaluate the performance of the executive officers in light of those goals and objectives and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve the compensation level of the executive officers based on this evaluation;

- review and adopt, and/or make recommendations to the Board with respect to, incentive-compensation plans for executive officers and equity-based plans;

- review and discuss with management the Compensation Discussion and Analysis to be included in Clear Channel Outdoor's proxy statement and determine whether to recommend to the Board the inclusion of the Compensation Discussion and Analysis in the proxy statement;

- prepare the Compensation Committee report for inclusion in Clear Channel Outdoor's proxy statement; and recommend to the Board the appropriate compensation for the non-employee members of the Board.

Our current Chairman and Chief Executive Officer (our former Executive Chairman), Chief Financial Officer, General Counsel, Chief Accounting Officer and Senior Vice President Corporate Finance simultaneously hold the same positions at iHeartCommunications and iHeartMedia, our indirect parent entities. The compensation of those officers is set by the board of directors and the Compensation Committee of the board of directors of iHeartMedia, and we are allocated a portion of the cost of the services of certain of those officers pursuant to the Corporate Services Agreement, dated November 16, 2005, by and between iHeartMedia Management Services, Inc. (iHMMS), an indirect subsidiary of iHeartMedia and us (the Corporate Services Agreement). Accordingly, our Compensation Committee charter does not govern the compensation arrangements, policies and practices of our current Chairman and Chief Executive Officer (our former Executive Chairman), Chief Financial Officer, General Counsel, Chief Accounting Officer and Senior Vice President Corporate Finance. The term executive officer used above in the description of the Compensation Committee's purposes refers to our employees (other than our current Chairman and Chief Executive Officer (our former Executive Chairman), Chief Financial Officer, General Counsel, Chief Accounting Officer and Senior Vice President Corporate Finance) who are (1) subject to the requirements of Section 16 of the Securities Exchange Act of 1934, as amended (the Securities Exchange Act), governing insider trading reporting or (2) covered by the regulations under Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), governing qualified performance-based compensation. See the Compensation Discussion and Analysis section of this proxy statement. The Compensation Committee has the authority to delegate its responsibilities to subcommittees if the Compensation Committee determines such delegation would be in the best interest of Clear Channel Outdoor.

The full text of the Compensation Committee's charter can be found on our website at www.clearchanneloutdoor.com.

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DIRECTOR NOMINATING PROCEDURES

The Board oversees the identification and consideration of candidates for membership on the Board, and each member of the Board participates in this process. It is the view of the Board that this function has been performed effectively by the Board, and that it is appropriate for Clear Channel Outdoor not to have a separate nominating committee or charter for this purpose.

The Board is responsible for developing and reviewing background information for candidates for the Board, including those recommended by shareholders. Our directors play a critical role in guiding Clear Channel Outdoor's strategic direction and overseeing the management of Clear Channel Outdoor. Clear Channel Outdoor does not have a formal policy with regard to the consideration of diversity in identifying director nominees, but the Board strives to nominate directors with a variety of complementary skills so that, as a group, the Board will possess the appropriate mix of experience, skills and expertise to oversee Clear Channel Outdoor's businesses. Director candidates should have experience in positions with a high degree of responsibility, be leaders in the organizations with which they are affiliated and have the time, energy, interest and willingness to serve as a member of the Board. The Board evaluates each individual in the context of the Board as a whole, with the objective of recommending a group that can best perpetuate the success of our business and represent shareholder interests through the exercise of sound judgment using its diversity of experience. The Board evaluates each incumbent director to determine whether he or she should be nominated to stand for re-election, based on the types of criteria outlined above as well as the director's contributions to the Board during their current term.

Director Scott R. Wells resigned as a member of our Board on March 3, 2015. Pursuant to our bylaws, on March 3, 2015, our Board appointed Olivia Sabine as a member of our Board to fill the vacancy created by Mr. Wells' resignation. Ms. Sabine was recommended for election as a director by our Board members affiliated with Bain Capital Partners, L.P. (Bain Capital).

The Board will consider as potential nominees individuals properly recommended by shareholders. Recommendations concerning individuals proposed for consideration should be addressed to the Board, c/o Secretary, Clear Channel Outdoor Holdings, Inc., 200 East Basse Road, Suite 100, San Antonio, Texas 78209. Each recommendation should include a personal biography of the suggested nominee, an indication of the background or experience that qualifies the person for consideration and a statement that the person has agreed to serve if nominated and elected. The Board evaluates candidates recommended by shareholders in the same manner in which it evaluates other nominees. Shareholders who themselves wish to effectively nominate a person for election to the Board, as contrasted with recommending a potential nominee to the Board for its consideration, are required to comply with the advance notice and other requirements set forth in our bylaws, as described below under Shareholder Proposals for 2017 Annual Meeting and Advance Notice Procedures.

BOARD LEADERSHIP STRUCTURE

On October 2, 2011, Robert W. Pittman was appointed as our Executive Chairman and a member of our Board and, on January 24, 2012, C. William Eccleshare was appointed as our Chief Executive Officer. On March 2, 2015, Mr. Pittman was appointed as our Chairman and Chief Executive Officer and Mr. Eccleshare transitioned to become Chairman and Chief Executive Officer of our International division (CCI). The Board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of Clear Channel Outdoor to make that determination based on the position and direction of Clear Channel Outdoor, the membership of the Board and the individuals who occupy those roles. Mr. Pittman provides and Mr. Eccleshare provided our Board with insight into our operations and help facilitate the flow of information between management and the Board. In addition, the position of Presiding Director of our Board rotates quarterly

among our independent directors, providing an additional layer of independent director oversight, as described above under Independence of Directors. For the reasons described above, our Board believes that this leadership structure is appropriate for us at this time.

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Our risk management philosophy strives to:

- timely identify the material risks that Clear Channel Outdoor faces;
- communicate necessary information with respect to material risks to senior management and, as appropriate, to the Board or relevant Board committee;
- implement appropriate and responsive risk management strategies consistent with Clear Channel Outdoor's risk profile; and
- integrate risk management into Clear Channel Outdoor's decision-making.

The Board has designated the Audit Committee to oversee risk management. The Audit Committee reports to the Board regarding briefings provided by management and advisors, as well as the Audit Committee's own analysis and conclusions regarding the adequacy of Clear Channel Outdoor's risk management processes. In addition, Mr. Pittman (as our Chairman and Chief Executive Officer) is and Mr. Eccleshare (as our former Chief Executive Officer) was able to provide our Board with valuable insight into our risk profile and the options to mitigate and address our risks based on their respective experiences with the daily management of our business. The Board encourages management to promote a corporate culture that incorporates risk management into Clear Channel Outdoor's corporate strategy and day-to-day operations.

SHAREHOLDER AND INTERESTED PARTY COMMUNICATION WITH THE BOARD

Shareholders and other interested parties may contact an individual director, the Presiding Director, the Board as a group or a specified Board committee or group, including the non-management directors as a group, by sending regular mail to the following address:

Board of Directors

Clear Channel Outdoor Holdings, Inc.

P.O. Box 659512

San Antonio, Texas 75265-9512

CODE OF BUSINESS CONDUCT AND ETHICS

Our Code of Business Conduct and Ethics (the "Code of Conduct") applies to all of our officers, directors and employees, including our principal executive officer, principal financial officer and principal accounting officer. Our Code of Conduct constitutes a "code of ethics" as defined by Item 406(b) of Regulation S-K. Our Code of Conduct is publicly available on our Internet website at www.clearchanneloutdoor.com. We intend to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding any amendment to, or waiver from, a provision of the Code of Conduct that applies to our principal executive officer, principal financial officer or principal accounting officer and relates to any element of the definition of code of ethics set forth in Item 406(b) of Regulation S-K by posting such information on our website, www.clearchanneloutdoor.com.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Except as otherwise stated, the table below sets forth information concerning the beneficial ownership of Clear Channel Outdoor's common stock as of April 7, 2016 for: (1) each director currently serving on our Board and each of

the nominees for director; (2) each of our named executive officers; (3) our directors and executive officers as a group; and (4) each person known to Clear Channel Outdoor to beneficially own more than 5% of any class of Clear Channel Outdoor's outstanding shares of common stock. At the close of business on April 7, 2016, there were 46,563,608 shares of Clear Channel Outdoor's Class A common stock outstanding and 315,000,000 shares of Clear Channel Outdoor's Class B common stock outstanding. In addition, information concerning the beneficial ownership of common stock of iHeartMedia, our indirect parent entity, by: (1) each

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director currently serving on our Board and each of the nominees for director; (2) each of our named executive officers; and (3) our directors and executive officers as a group is set forth in the footnotes to the table below. At the close of business on April 7, 2016, there were 29,992,515 shares of iHeartMedia's Class A common stock, 555,556 shares of iHeartMedia's Class B common stock and 58,967,502 shares of iHeartMedia's Class C common stock outstanding. Except as otherwise noted, each shareholder has sole voting and investment power with respect to the shares beneficially owned.

Each share of Clear Channel Outdoor Class A common stock is entitled to one vote on matters submitted to a vote of the shareholders and each share of Clear Channel Outdoor Class B common stock is entitled to 20 votes on matters submitted to a vote of the shareholders. Each share of our Class B common stock is convertible at the option of the holder thereof into one share of Class A common stock. Each share of our common stock is entitled to share equally on a per share basis in any dividends and distributions by us.

| Name and Address of Beneficial Owner ^(a) | Amount and Nature of Beneficial Ownership | | | | Percent of Outstanding Common Stock on an As-Converted Basis ^(b) |
|--|---|--|--|--|---|
| | Number of Shares of Class A Common Stock | Number of Shares of Class B Common Stock | Percent of Class A Common Stock ^(b) | Percent of Class B Common Stock ^(b) | |
| Holdings of More than 5%: | | | | | |
| iHeartCommunications, Inc. ^(c) | 10,726,917 | 315,000,000 | 23.0% | 100.0% | 90.1% |
| JPMorgan Chase & Co. ^(d) | 5,365,565 | | 11.5% | | 1.5% |
| Canyon Capital Advisors LLC ^(e) | 4,411,944 | | 9.5% | | 1.2% |
| GAMCO Asset Management Inc. and affiliates ^(f) | 4,600,558 | | 9.9% | | 1.3% |
| Mason Capital Management LLC ^(g) | 4,172,946 | | 9.0% | | 1.2% |
| Abrams Capital Management, L.P. and affiliates ^(h) | 3,354,390 | | 7.2% | | * |
| DW Partners, LP ⁽ⁱ⁾ | 2,658,350 | | 5.7% | | * |
| The Vanguard Group, Inc. ^(j) | 2,528,100 | | 5.4% | | * |
| Named Executive Officers, Executive Officers and Directors: | | | | | |
| Richard J. Bressler ^(k) | 303,687 | | * | | * |
| C. William Eccleshare ^(l) | 671,125 | | 1.4% | | * |
| Scott D. Hamilton ^(m) | | | | | |
| Blair E. Hendrix ⁽ⁿ⁾ | | | | | |
| Douglas L. Jacobs ^(o) | 70,619 | | * | | * |
| Daniel G. Jones ^(p) | | | | | |
| Steven J. Macri ^(q) | | | | | |
| Vicente Piedrahita ^(p) | | | | | |
| Robert W. Pittman ^(r) | 356,936 | | * | | * |
| Olivia Sabine ⁽ⁿ⁾ | | | | | |

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| | | | |
|---|-----------|------|---|
| Thomas R. Shepherd ^(s) | 59,535 | * | * |
| Christopher M. Temple ^(s) | 59,535 | * | * |
| Dale W. Tremblay ^(t) | 100,057 | * | * |
| Scott R. Wells ^(u) | 93,155 | * | * |
| All Directors and executive officers as a group (15 individuals) ^(v) | 1,942,821 | 4.2% | * |

* Means less than 1%.

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- (a) Unless otherwise indicated, the address for all beneficial owners is c/o Clear Channel Outdoor Holdings, Inc., 200 East Basse Road, Suite 100, San Antonio, Texas 78209.
- (b) Percentage of ownership calculated in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act.
- (c) Represents 10,726,917 shares of Clear Channel Outdoor's Class A common stock held by CC Finco, LLC, a wholly owned subsidiary of iHeartCommunications, 215,000,000 shares of Clear Channel Outdoor's Class B common stock held by Clear Channel Holdings, Inc., a wholly owned subsidiary of iHeartCommunications and 100,000,000 shares of Clear Channel Outdoor's Class B common stock held by Broader Media, LLC, a wholly owned subsidiary of iHeartCommunications. Shares of Class B common stock are convertible on a one-for-one basis into shares of Class A common stock and entitle the holder to 20 votes per share upon all matters on which shareholders are entitled to vote. The business address of CC Finco, LLC, Clear Channel Holdings, Inc. and iHeartCommunications is 200 East Basse Road, Suite 100, San Antonio, Texas 78209.
- (d) As reported on a Schedule 13G/A filed with respect to Clear Channel Outdoor's Class A common stock on January 13, 2016. The shares of Clear Channel Outdoor's Class A common stock reported in the Schedule 13G/A may be deemed to be beneficially owned by one or more of JPMorgan Chase & Co. and its wholly owned subsidiaries JPMorgan Chase Bank, National Association and J.P. Morgan Investment Management Inc. The business address of each reporting person is 270 Park Avenue, New York, New York 10017.
- (e) As reported on a Schedule 13G/A filed with respect to Clear Channel Outdoor's Class A common stock on February 12, 2016. The shares of Clear Channel Outdoor's Class A common stock reported in the Schedule 13G/A may be deemed to be beneficially owned by one or more of the following persons: Canyon Capital Advisors LLC (CCA), Mitchell R. Julis and Joshua S. Friedman. CCA is an investment advisor to various managed accounts, including Canyon Value Realization Fund, L.P., The Canyon Value Realization Master Fund (Cayman), L.P., HF Canyon Master Ltd., Canyon Value Realization Fund MAC 18, Ltd., Canyon Balanced Master Fund, Ltd., Permal Canyon Fund Ltd., Canyon Distressed Opportunity Investing Fund, L.P., Canyon-GRF Master Fund II, L.P., Lyxor/Canyon Value Realization Fund Limited, Canyon Distressed Opportunity Master Fund L.P., AAI Canyon Fund PLC, Lyxor/Canyon Credit Strategy Fund Limited, Permal Alternative Select Fund, Wells Fargo Advantage Alternative Strategies Fund, AllianceBernstein Multi-Manager Alternative Strategies Fund and Permal Alternative Select VIT Portfolio with the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of the securities held by, such managed accounts. Messrs. Julis and Friedman control entities which own 100% of CCA. The business address of each reporting person is 2000 Avenue of the Stars, 11th Floor, Los Angeles, California 90067.
- (f) As reported on a Schedule 13D/A filed with respect to Clear Channel Outdoor's Class A common stock on December 29, 2015. The shares of Clear Channel Outdoor's Class A common stock reported in the Schedule 13D/A may be deemed to be beneficially owned by one or more of the following persons: GGCP, Inc. (GGCP), GGCP Holdings LLC (GGCP Holdings), GAMCO Investors, Inc. (GBL), Associated Capital Group, Inc. (AC), Gabelli Funds, LLC (Gabelli Funds), GAMCO Asset Management Inc. (GAMCO), Teton Advisors, Inc. (Teton Advisors), Gabelli Securities, Inc. (GSI), G.research, Inc. (G.research), MJG Associates, Inc. (MJG Associates), Gabelli Foundation, Inc. (Foundation), MJG-IV Limited Partnership (MJG), Mario Gabelli, LICIT Corporation (LICIT), CIBL, Inc. (CIBL) and ICTC Group, Inc. (ICTC). Mario Gabelli is deemed to have beneficial ownership

of the securities owned beneficially by each of GAMCO, Gabelli Funds, GSI and MJG. GSI is deemed to have beneficial ownership of the securities owned beneficially by G.research. AC, GBL and GGCP are deemed to have beneficial ownership of the securities owned beneficially by each of the foregoing persons other than Mario Gabelli and the Foundation. The business address of GBL, Gabelli Funds, G.research, GAMCO, AC, GSI, Teton Advisors and Mario Gabelli is One Corporate Center, Rye, New York 10580. The business address of GGCP, GGCP Holdings and MJG Associates is 140 Greenwich Avenue, Greenwich, Connecticut 06850. The business address of the Foundation is 165 West Liberty Street, Reno, Nevada 89501. The business address of LICT is 401 Theodore Fremd Avenue, Rye, New York 10580. The business address of CIBL is 165 West Liberty Street, Suite 220, Reno, NV 89501. The business address of ICTC is 556 Main Street, Nome, North Dakota 58062.

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- (g) As reported on a Schedule 13G/A filed with respect to Clear Channel Outdoor's Class A common stock on February 17, 2015. The Schedule 13G/A reports beneficial ownership of shares of Clear Channel Outdoor's Class A common stock by Mason Capital Management LLC (Mason Capital Management), Kenneth M. Garschina and Michael E. Martino with respect to shares directly owned by Mason Capital Master Fund, L.P. (Mason Capital Master Fund), the general partner of which is Mason Management LLC (Mason Management), and Mason Capital L.P. (Mason Capital LP), the general partner of which is Mason Management. Mason Capital Management is the investment manager of each of Mason Capital Master Fund and Mason Capital LP, and Mason Capital Management may be deemed to have beneficial ownership over the shares reported by virtue of the authority granted to Mason Capital Management by Mason Capital Master Fund and Mason Capital LP to vote and exercise investment discretion over such shares. Mr. Garschina and Mr. Martino are managing principals of Mason Capital Management and the sole members of Mason Management. Mason Capital Management, Mr. Garschina and Mr. Martino disclaim beneficial ownership of all shares reported in the Schedule 13G/A pursuant to 13d-4 under the Securities Exchange Act. The business address of each reporting person is 110 East 59th Street, New York, New York 10022.
- (h) As reported on a Schedule 13G/A filed with respect to Clear Channel Outdoor's Class A common stock on February 13, 2013. Shares of Clear Channel Outdoor's Class A common stock reported in the Schedule 13G/A for Abrams Capital Partners II, L.P. (ACP II) represent shares beneficially owned by ACP II. Shares reported in the Schedule 13G/A for Abrams Capital, LLC (Abrams Capital) represent shares beneficially owned by ACP II and other private investment funds for which Abrams Capital serves as general partner. Shares reported in the Schedule 13G/A for Abrams Capital Management, L.P. (Abrams CM LP) and Abrams Capital Management, LLC (Abrams CM LLC) represent the above-referenced shares beneficially owned by Abrams Capital and shares beneficially owned by another private investment fund for which Abrams CM LP serves as investment manager. Abrams CM LLC is the general partner of Abrams CM LP. Shares reported in the Schedule 13G/A for Mr. Abrams represent the above-referenced shares reported for Abrams Capital and Abrams CM LLC. Mr. Abrams is the managing member of Abrams Capital and Abrams CM LLC. Each disclaims beneficial ownership of the shares reported except to the extent of its or his pecuniary interest therein. The business address of each reporting person is c/o Abrams Capital Management, L.P., 222 Berkley Street, 22nd Floor, Boston, Massachusetts 02116.

As reported on a Schedule 13D filed on November 29, 2011, Abrams CM LP and affiliates also own 6,811,407 shares of the Class A common stock of iHeartMedia, which, as of April 7, 2016, represented 22.7% of iHeartMedia's outstanding Class A common stock and 7.6% of iHeartMedia's outstanding Class A common stock assuming all shares of iHeartMedia's Class B and Class C common stock are converted to shares of iHeartMedia's Class A common stock. The iHeartMedia shares reported in the Schedule 13D for ACP II represent shares beneficially owned by ACP II. Shares reported in the Schedule 13D for Abrams Capital represent shares beneficially owned by ACP II and other private investment vehicles for which Abrams Capital serves as general partner. Shares reported in the Schedule 13D for Abrams CM LP and Abrams CM LLC represent shares beneficially owned by ACP II and other private investment vehicles (including those for which shares are reported for Abrams Capital) for which Abrams CM LP serves as investment manager. Abrams CM LLC is the general partner of Abrams CM LP. The iHeartMedia shares reported in the Schedule 13D for Mr. Abrams represent the above-referenced shares reported for Abrams Capital and Abrams CM LLC. Mr. Abrams is the managing member of Abrams Capital and Abrams CM LLC and is a member of iHeartMedia's Board of Directors.

(i)

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As reported on a Schedule 13G filed with respect to Clear Channel Outdoor's Class A common stock on February 13, 2015. The shares of Clear Channel Outdoor's Class A common stock reported in the Schedule 13G represent shares beneficially owned by certain private funds (collectively, the Funds) for which DW Partners, LP (DWP) serves as the investment manager and may direct the vote and disposition of the shares held by the Funds. DW Investment Partners, LLC serves as the general partner of DWP and may direct DWP to direct the vote and disposition of the shares held by the Funds. The business address of each reporting person is 590 Madison Avenue, 9th Floor, New York, New York 10022.

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(j) As reported on a Schedule 13G/A filed with respect to Clear Channel Outdoor's Class A common stock on February 11, 2016. The shares of Clear Channel Outdoor's Class A common stock reported in the Schedule 13G/A may be deemed to be owned by one or more of The Vanguard Group, Inc. and its wholly owned subsidiaries, Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd. The business address of each reporting person is 100 Vanguard Blvd., Malvern, Pennsylvania 19355.

(k) Represents 293,145 unvested restricted shares of Clear Channel Outdoor's Class A common stock and 10,542 shares of Clear Channel Outdoor's Class A common stock held by Mr. Bressler as of April 7, 2016.

As of April 7, 2016, Mr. Bressler also held 810,000 unvested restricted shares of iHeartMedia's Class A common stock and 118,144 restricted shares of iHeartMedia's Class A common stock, which represented 3.1% of iHeartMedia's outstanding Class A common stock and 1.0% of iHeartMedia's outstanding Class A common stock assuming all shares of iHeartMedia's Class B and Class C common stock are converted to shares of iHeartMedia's Class A common stock.

(l) Includes vested stock options and stock options that will vest within 60 days after April 7, 2016, collectively representing 446,350 shares of Clear Channel Outdoor's Class A common stock held by Mr. Eccleshare, if exercised.

(m) As of April 7, 2016, Mr. Hamilton held 14,500 shares of iHeartMedia's Class A common stock and 30,500 unvested restricted shares of iHeartMedia's Class A common stock, which collectively represented less than 1.0% of iHeartMedia's outstanding Class A common stock and less than 1.0% of iHeartMedia's outstanding Class A common stock assuming all shares of iHeartMedia's Class B and Class C common stock are converted to shares of iHeartMedia's Class A common stock.

(n) Mr. Hendrix and Ms. Sabine are a managing director and an executive vice president, respectively, at Bain Capital. Entities controlled by Bain Capital and Thomas H. Lee Partners, L.P. (THL) hold all of the outstanding shares of iHeartMedia's Class B common stock and iHeartMedia's Class C common stock, and these shares represent a majority (whether measured by voting power or economic interest) of the equity of iHeartMedia.

(o) Represents vested stock options and stock options that will vest within 60 days after April 7, 2016, collectively representing 44,134 shares of Clear Channel Outdoor's Class A common stock, if exercised, 1,084 vested shares and 25,401 unvested restricted shares of Clear Channel Outdoor's Class A common stock held by Mr. Jacobs.

(p) Mr. Jones and Mr. Piedrahita are a managing director and a vice president, respectively, at THL. Entities controlled by Bain Capital and THL hold all of the outstanding shares of iHeartMedia's Class B common stock and iHeartMedia's Class C common stock, and these shares represent a majority (whether measured by voting power or economic interest) of the equity of iHeartMedia.

(q)

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As of April 7, 2016, Mr. Macri held 14,181 restricted shares of iHeartMedia's Class A common stock and 152,500 unvested restricted shares of iHeartMedia's Class A common stock, which collectively represented less than 1.0% of iHeartMedia's outstanding Class A common stock and less than 1.0% of iHeartMedia's outstanding Class A common stock assuming all shares of iHeartMedia's Class B and Class C common stock are converted to shares of iHeartMedia's Class A common stock.

- (r) As of April 7, 2016, Mr. Pittman held 28,115 shares of Clear Channel Outdoor's Class A common stock and 328,821 unvested restricted shares of Clear Channel Outdoor's Class A common stock.

As of April 7, 2016, Mr. Pittman also held 103,983 shares of iHeartMedia's Class A common stock, 550,000 unvested restricted shares of iHeartMedia's Class A common stock and vested stock options to purchase 504,000 shares of iHeartMedia's Class A common stock, and Pittman CC LLC, a limited liability company controlled by Mr. Pittman, beneficially owned 706,215 shares of iHeartMedia's Class A common stock. As of April 7, 2016, these holdings collectively represented 6.2% of iHeartMedia's outstanding Class A common stock and 2.1% of iHeartMedia's outstanding Class A common stock assuming all shares of iHeartMedia's Class B and Class C common stock are converted to shares of iHeartMedia's Class A common stock.

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- (s) Represents vested stock options and stock options that will vest within 60 days after April 7, 2015, collectively representing 34,134 shares of Clear Channel Outdoor's Class A common stock and 25,401 unvested restricted shares of Clear Channel Outdoor's Class A common stock held by each of Messrs. Shepherd and Temple.

- (t) Includes vested stock options and stock options that will vest within 60 days after April 7, 2016, collectively representing 68,406 shares of Clear Channel Outdoor's Class A common stock, 6,250 shares of Clear Channel Outdoor's Class A common stock and 25,401 unvested restricted shares of Clear Channel Outdoor's Class A common stock held by Mr. Tremblay.

- (u) Represents 5,000 shares of Class A common stock of CCOH, 45,830 shares of unvested restricted Class A common stock of CCOH and vested stock options to purchase 42,325 shares of CCOH's Class A common stock held by Mr. Wells. As of April 7, 2016, these holdings represented less than 1% of Clear Channel Outdoor's outstanding Class A common stock and less than 1% of Clear Channel Outdoor's outstanding Class A common stock assuming all shares of Clear Channel Outdoor's Class B common stock are converted to shares of Clear Channel Outdoor's Class A common stock.

- (v) As of April 7, 2016, all of our directors and executive officers as a group were the beneficial owners of Clear Channel Outdoor's Class A common stock as follows: (1) 526,434 shares of Clear Channel Outdoor's Class A common stock held by such persons; (2) 769,400 unvested restricted shares of Clear Channel Outdoor's Class A common stock held by such persons; and (3) vested stock options to purchase 669,483 shares of Clear Channel Outdoor's Class A common stock. As of April 7, 2016, these holdings collectively represented 4.2% of Clear Channel Outdoor's outstanding Class A common stock and 0.5% of Clear Channel Outdoor's outstanding Class A common stock assuming all shares of Clear Channel Outdoor's Class B common stock are converted to shares of Clear Channel Outdoor's Class A common stock.

As of April 7, 2016, all of our directors and executive officers as a group were the beneficial owners of iHeartMedia's Class A common stock as follows: (1) 353,009 shares of iHeartMedia's Class A common stock held by such persons; (2) 1,585,000 unvested restricted shares of iHeartMedia's Class A common stock held by such persons; (3) vested stock options to purchase 504,000 shares of iHeartMedia's Class A common stock; and (4) 706,215 shares of iHeartMedia's Class A common stock held indirectly. As of April 7, 2016, these holdings collectively represented 10.5% of iHeartMedia's outstanding Class A common stock and 3.5% of iHeartMedia's outstanding Class A common stock assuming all shares of iHeartMedia's Class B common stock and iHeartMedia's Class C common stock are converted to shares of iHeartMedia's Class A common stock.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board has nominated the three persons listed as nominees below for election as directors at the annual meeting of shareholders. Each of the nominees listed below currently is a director and is standing for re-election. Each of the directors elected at the annual meeting will serve a three year term or until his successor shall have been elected and qualified, subject to earlier death, resignation or removal. The directors are to be elected by a plurality of the votes cast at the annual meeting. Each nominee has indicated a willingness to serve as director if elected. Should any nominee become unavailable for election, discretionary authority is conferred on the proxies to vote for a substitute. Management has no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

The following information, which is as of April 7, 2016, is furnished with respect to each of the nominees for election at our annual meeting and each of the other continuing members of our Board.

The Board recommends that you vote For the director nominees named below. Properly submitted proxies will be so voted unless shareholders specify otherwise.

Table of Contents**NOMINEES FOR DIRECTOR FOR TERMS EXPIRING IN 2019 (CLASS I)**

Blair E. Hendrix, age 51, is a Managing Director of Bain Capital and the head of the firm's operationally focused Portfolio Group for North America. Mr. Hendrix joined Bain Capital in 2000. Prior to joining Bain Capital, Mr. Hendrix was Executive Vice President and Chief Operating Officer of DigiTrace Care Services, Inc. (now SleepMed), a national healthcare services company he co-founded. Earlier in his career, Mr. Hendrix was employed by Corporate Decisions, Inc. (now Mercer Management Consulting), a management consulting firm. Mr. Hendrix has been a member of our Board since August 2008. Mr. Hendrix also currently serves as a director of TWCC Holdings Corp. (The Weather Channel), iHeartCommunications and iHeartMedia and as a member of the board of managers of iHeartMedia Capital I, LLC. He previously served as a director of Keystone Automotive Operations, Inc., Innophos Holdings, Inc. and SMTC Corporation. Mr. Hendrix received a B.A. from Brown University, awarded with honors. Mr. Hendrix was selected to serve as a member of our Board because of his operational knowledge gained through his experience with Bain Capital and in management consulting.

Douglas L. Jacobs, age 68, has been self-employed since 2003. He was the Executive Vice President and Treasurer for FleetBoston Financial Group from 1995 to 2003. His career began at Citibank in 1972, where he ultimately assumed the position of Division Executive for the Investment Banking Group's MBS Group. Mr. Jacobs has been a member of our Board since May 2010. Mr. Jacobs' other current directorships include OneMain Holdings, Inc. (and its subsidiary with registered debt securities, Springleaf Finance Corporation), Doral Financial Corporation, Fortress Investment Group LLC and New Residential Investment Corp. His previous directorships include ACA Capital Holdings, Inc., Global Signal Inc. and Hanover Capital Mortgage Holdings, Inc. Mr. Jacobs holds a B.A. from Amherst College and an M.B.A. from the Wharton School of Business at the University of Pennsylvania. Mr. Jacobs was selected to serve as a member of our Board for his operational, financial and capital markets experience as well as his experience evaluating risks gained through his service as an executive and as a director of several financial institutions.

Daniel G. Jones, age 41, is a Managing Director at THL and is part of the firm's Strategic Resources Group, which works in collaboration with senior management and THL investment professionals to drive value at portfolio companies. Prior to joining THL in 2007, Mr. Jones was a management consultant at Monitor Group from 2004 to 2007. He also served as account leader at Monitor Clipper Fund. Before Monitor Group, Mr. Jones worked in a variety of corporate finance roles, lastly as Financial Project Manager and Deputy to the Chief Financial Officer at LAN Airlines, one of the leading Latin American passenger and cargo airlines. Mr. Jones has been a member of our Board since August 2008. He holds a B.A. from Dartmouth College and an M.B.A. from the MIT Sloan School of Management. Mr. Jones was selected to serve as a member of our Board for his experience in acquisitions and financings gained through his work in private equity at THL and his experience in evaluating strategies, operations and risks gained through his work as a consultant.

DIRECTORS WHOSE TERMS WILL EXPIRE IN 2017 (CLASS II)

Olivia Sabine, age 37, Ms. Sabine is an Executive Vice President at Bain Capital. Prior to joining Bain Capital in 2006, Ms. Sabine was an engagement manager at McKinsey & Co., where she consulted in the healthcare, media and entertainment and consumer products industries. Ms. Sabine received a B.A., magna cum laude, from Columbia College. In addition to the Clear Channel Outdoor Board, Ms. Sabine also sits on the Board of Trustees at Williamstown Theatre Festival as well as Concord Academy. Ms. Sabine was selected to serve as a member of our Board for her experience in operations gained through her work as a consultant and for her experience in acquisitions and financings gained through her work in private equity at Bain Capital.

Thomas R. Shepherd, age 86, is Chairman of TSG Equity Partners LLC, a Massachusetts venture capital and private equity investment firm that he co-founded in 1998, and also is a director of various privately-held companies. From 1986 through 1998, Mr. Shepherd served as a managing director of THL. Prior to joining THL, he previously served as President of GTE Lighting Products Group (GTE Sylvania) from 1983 through 1986, and was President of North American Philips Commercial Electronics Corporation from 1981 until 1983. Mr. Shepherd has

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been a member of our Board since May 2011. Mr. Shepherd previously served as a director of Andover.net, Inc., General Nutrition Centers, Inc., Signature Brands, Inc., Spectrum Brands, Inc. and Vermont Teddy Bear Co. Mr. Shepherd received a Master of Industrial and Labor Relations degree from Cornell University, a B.A. in Economics from Washington & Lee University and completed the executive program at the Tuck School of Business at Dartmouth University. Mr. Shepherd was selected to serve as a member of our Board because of his corporate and financial experience, including senior leadership roles in operations, management and private equity, as well as his service on multiple boards of directors.

Christopher M. Temple, age 48, is President of DelTex Capital LLC, a financial advisory and consulting firm. Mr. Temple serves as an Operating Partner for Tailwind Capital, a middle market private equity firm. Mr. Temple serves as the Chairman of Brawler Industries Holdco, LLC, a Midland, Texas based distributor of engineered plastics used in the energy, construction, and agriculture markets. Mr. Temple served as the President of Vulcan Capital (Vulcan), the private investment group of Vulcan Inc. from May 2009 until December 2009, and as Vice President of Vulcan from September 2008 to May 2009. Prior to joining Vulcan in September 2008, Mr. Temple served as a managing director at Tailwind Capital LLC (Tailwind) from May 2008 to August 2008. Prior to joining Tailwind, Mr. Temple was a managing director at Friend Skoler & Co., Inc. from May 2005 to May 2008. From April 1996 to December 2004, Mr. Temple was a managing director at Thayer Capital Partners. Mr. Temple has been a member of our Board since May 2011. Mr. Temple also currently serves as a director of Plains All American Pipeline GP, LLC and NHME Holdings, Inc. and previously served on the board of directors of Charter Communications, Inc. Mr. Temple holds a B.B.A., *magna cum laude*, from the University of Texas and an M.B.A. from Harvard University, and previously was a licensed CPA serving clients in the energy sector with KPMG in Houston, Texas. Mr. Temple was selected to serve as a member of our Board because of his financial and accounting knowledge, as well as his strategic experience gained through his private equity work and service on multiple boards of directors.

DIRECTORS WHOSE TERMS WILL EXPIRE IN 2018 (CLASS III)

Vicente Piedrahita, age 34, joined THL in March 2012 and is currently a Principal in the firm's Strategic Resources Group. Prior to joining THL, Mr. Piedrahita worked at Clear Channel Outdoor as Director of Strategic Projects and Initiatives from August 2010 until March 2012 and Monitor Group, a global strategic advisory firm (Monitor Group), as a consultant / case team leader from September 2004 until August 2008. Mr. Piedrahita has been a member of our Board since January 2014. Mr. Piedrahita holds a B.A., *cum laude*, in Sociology from Princeton University and an M.B.A. from Harvard Business School. Mr. Piedrahita was selected to serve as a member of our Board because of his strategic and operational knowledge gained through his experience working at Clear Channel Outdoor, as well as Monitor Group and THL.

Robert W. Pittman, age 62, was appointed as our Chairman and Chief Executive Officer on March 2, 2015. He was appointed Executive Chairman and a director of ours and as Chief Executive Officer and a director of iHeartMedia and iHeartCommunications on October 2, 2011. He was appointed as Chairman of iHeartMedia and iHeartCommunications on May 17, 2013. He also was appointed as Chairman and Chief Executive Officer and a member of the board of managers of iHeartMedia Capital I, LLC, a subsidiary of iHeartMedia and iHeartCommunications, on April 26, 2013. Prior to October 2, 2011, Mr. Pittman served as Chairman of Media and Entertainment Platforms for iHeartMedia and iHeartCommunications since November 2010. He has been a member of, and an investor in, Pilot Group, a private equity investment company, since April 2003. Mr. Pittman was formerly Chief Operating Officer of AOL Time Warner, Inc. from May 2002 to July 2002. He also served as Co-Chief Operating Officer of AOL Time Warner, Inc. from January 2001 to May 2002, and earlier, as President and Chief Operating Officer of America Online, Inc. from February 1998 to January 2001. Mr. Pittman serves on the boards of numerous charitable organizations, including the Alliance for Lupus Research, the Rock and Roll Hall of Fame Foundation and the Robin Hood Foundation, where he has served as past Chairman. Mr. Pittman was selected to serve

as a member of our Board because of his service as Chief Executive Officer of iHeartMedia and iHeartCommunications, as well as his extensive media experience gained through the course of his career.

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Dale W. Tremblay, age 57, has served as President and Chief Executive Officer of C.H. Guenther & Son, Inc., a food marketing and manufacturing company (C.H. Guenther), since July 2001. Prior to joining C.H. Guenther, Mr. Tremblay was an officer at the Quaker Oats Company, where he was responsible for all Worldwide Foodservice Businesses. Mr. Tremblay has been a member of our Board since November 2005. He also currently serves on the boards of directors of C.H. Guenther, Texas Capital Bank and NatureSweet Ltd. Mr. Tremblay has a B.A. in Finance from Michigan State University, and serves on the Advisory Board for the Michigan State University Financial Analysis Lab and the Business and Community Advisory Council of the Federal Reserve Bank of Dallas. Mr. Tremblay was selected to serve as a member of our Board based on his operational and managerial expertise gained through building and managing a large privately-held company and his international business experience.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis included in this proxy statement with management. Based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted,

THE COMPENSATION COMMITTEE
Dale W. Tremblay, Chairman
Douglas L. Jacobs

COMPENSATION DISCUSSION AND ANALYSIS

The following Compensation Discussion and Analysis contains statements regarding Company and individual performance measures and other goals. These goals are disclosed in the limited context of our executive compensation program and should not be understood to be statements of management's expectations or estimates of results or other guidance. Further, the Company performance measures used for purposes of executive compensation, as described more fully below, differ from segment results reported in our financial statements. Segment results are used to measure the overall financial performance of the Company's segments, while the performance measures used for compensation purposes are used in connection with assessing the performance of executives. We specifically caution investors not to apply the following discussion to other contexts.

OVERVIEW AND OBJECTIVES OF OUR COMPENSATION PROGRAM

We believe that compensation of our named executive officers should be directly and materially linked to operating performance. The fundamental objective of our compensation program is to attract, retain and motivate top quality executives through compensation and incentives which are competitive within the various labor markets and industries in which we compete for talent and which align the interests of our executives with the interests of our shareholders.

Overall, we have designed our compensation program to:

support our business strategy and business plan by clearly communicating what is expected of executives with respect to goals and results and by rewarding achievement;
recruit, motivate and retain executive talent; and
align executive performance with shareholder interests.

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We seek to achieve these objectives through a variety of compensation elements, as summarized below:

| Element | Form | Purpose |
|----------------------------------|--|--|
| Base salary | Cash | Provide a competitive level of base compensation in recognition of responsibilities, value to the Company and individual performance |
| Bonus | Cash | Through annual incentive bonuses, discretionary bonuses and additional bonus opportunities, recognize and provide an incentive for performance that achieves specific corporate and/or individual goals intended to correlate closely with the growth of long-term shareholder value |
| Long-term Incentive Compensation | Generally stock options, restricted stock, restricted stock units or other equity-based compensation | Incentivize achievement of long-term goals, enable retention and/or recognize achievements and promotions in each case aligning compensation over a multi-year period directly with the interests of shareholders by creating an equity stake |
| Other Benefits and Prerequisites | Retirement plans, health and welfare plans and certain perquisites (such as club dues, relocation benefits and payment of legal fees in connection with promotions/new hires, personal use of aircraft, transportation and other services) | Provide tools for employees to pursue financial security through retirement benefits, promote the health and welfare of all employees and provide other specific benefits of value to individual executive officers |
| Severance | Varies by circumstances of separation | Facilitate an orderly transition in the event of management changes |

In May 2014, we held a shareholder advisory vote on the compensation of our named executive officers. More than 99% of the votes cast on the matter approved the compensation of our named executive officers as disclosed in our 2014 proxy statement. Accordingly, we made no significant changes to the objectives or structure of our executive compensation program. We currently hold our say-on-pay vote once every three years. Accordingly, we expect that the next say-on-pay advisory vote will occur at our annual meeting of shareholders in 2017. We also expect our next vote on the frequency of say-on-pay votes to occur at our annual meeting of shareholders in 2017.

COMPENSATION OF OFFICERS EMPLOYED BY IHEARTMEDIA

The following of our named executive officers were employed by and received compensation from iHeartMedia in 2015:

Robert W. Pittman, who became our Chief Executive Officer on March 2, 2015;
Richard J. Bressler, our Chief Financial Officer (Principal Financial Officer);

Steven J. Macri, our Senior Vice President - Corporate Finance; and

Scott D. Hamilton, our Senior Vice President, Chief Accounting Officer & Assistant Secretary.

Accordingly, the 2015 compensation for Messrs. Pittman, Bressler, Macri and Hamilton was set by the Compensation Committee of the Board of Directors of iHeartMedia. Clear Channel Outdoor's Compensation Committee had no involvement in recommending or approving their compensation.

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As described below under Certain Relationships and Related Party Transactions iHeartMedia, Inc. Corporate Services Agreement, a portion of the 2015 compensation for Messrs. Bressler, Macri and Hamilton was allocated to us in recognition of their services provided to us pursuant to a Corporate Services Agreement between us and a subsidiary of iHeartMedia. Those allocated amounts are reflected in the Summary Compensation Table below, along with any compensation that we or our subsidiaries provided to them directly. See footnote (g) to the Summary Compensation Table below for a description of the allocations. Additionally, upon termination or a change in control, a portion of certain payments that would be due to Mr. Bressler would be allocated to us, as reflected in the Potential Payments Upon Termination or Change in Control table set forth below. These allocations were or would be made, as applicable, based on Clear Channel Outdoor's OIBDAN (as defined below) as a percentage of iHeartMedia's OIBDAN for the prior year, each as reported in connection with year-end financial results. For purposes of these allocations, OIBDAN is defined as: consolidated net income (loss) adjusted to exclude non-cash compensation expenses and amortization of deferred system implementation costs as well as the following line items presented in the Statement of Operations: income tax benefit (expense); other income (expense), net; equity in earnings (loss) of nonconsolidated affiliates; interest expense; interest income on the Due from iHeartCommunications Note; other operating income, net; depreciation and amortization; and impairment charges.

All references in this Compensation Discussion and Analysis to compensation policies and practices for our executive officers should be read to exclude the compensation policies and practices applicable to Messrs. Pittman, Bressler, Macri and Hamilton and any other executive officers whose compensation was determined by iHeartMedia, other than with respect to Clear Channel Outdoor equity awards provided to those individuals. Accordingly, except as otherwise indicated below, references in this Compensation Discussion and Analysis to our named executive officers are intended to include:

C. William Eccleshare, who served as our Chief Executive Officer (Principal Executive Officer) until March 2, 2015, when he became Chairman and Chief Executive Officer of CCI; and

Scott R. Wells, who became Chief Executive Officer of our Americas division (CCOA) on March 3, 2015.

COMPENSATION PRACTICES

The Compensation Committee typically determines total compensation, as well as the individual components of such compensation, of our named executive officers (other than Messrs. Pittman, Bressler, Macri and Hamilton) on an annual basis. All compensation decisions are made within the scope of each named executive officer's employment agreement, if any.

In making decisions with respect to each element of executive compensation, the Compensation Committee considers the total compensation that may be awarded to the executive, including salary, annual incentive bonus and long-term incentive compensation. Multiple factors are considered in determining the amount of total compensation awarded to the named executive officers, including:

- the terms of our named executive officers' employment agreements, if any;
- the recommendations of the Chief Executive Officer;
- the value of previous equity awards;
- internal pay equity considerations; and
- broad trends in executive compensation generally.

The goal is to award compensation that is reasonable when all elements of potential compensation are considered.

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ELEMENTS OF COMPENSATION

As described above, we believe that a combination of various elements of compensation best serves the interests of Clear Channel Outdoor and its shareholders. Having a variety of compensation elements enables us to meet the requirements of the highly competitive environment in which we operate while ensuring that our named executive officers are compensated in a way that advances the interests of all shareholders. Under this approach, executive compensation generally involves a significant portion of pay that is at risk, namely, the annual incentive bonus. The annual incentive bonus is based entirely on financial performance, individual performance or a combination of both. In conjunction with the annual incentive bonus awards, the Compensation Committee also may provide annual discretionary bonuses or additional bonus opportunities to our named executive officers, which also would be based on financial performance, individual performance or a combination of both. Equity awards constitute a significant portion of long-term remuneration that is tied directly to stock price appreciation, which benefits all shareholders.

Our practices with respect to each of the elements of executive compensation are set forth below, followed by a discussion of the specific factors relevant to the named executive officers.

Base Salary

Administration. Base salaries for executive officers typically are reviewed on an annual basis and at the time of promotion or other change in responsibilities. In general, any increases in salary will be based on the subjective evaluation of factors such as the level of responsibility, individual performance, level of pay both of the executive in question and other similarly situated executives and competitive pay practices. All decisions regarding increasing or decreasing an executive officer's base salary are made within the scope of the executive's respective employment agreement, if any. In the case of our named executive officers who have employment agreements with us, each of their employment agreements contains a minimum level of base salary, as described below under Executive Compensation Employment Agreements with the Named Executive Officers.

In reviewing base salaries, the Compensation Committee considers the importance of linking a significant proportion of the named executive officer's compensation to performance in the form of the annual incentive bonus (plus any annual discretionary bonuses or additional bonus opportunities), which is tied to financial performance measures, individual performance, or a combination of both, as well as long-term incentive compensation.

Analysis. Mr. Eccleshare's base salary increased to \$1,000,000 in connection with his promotion to serve as our Chief Executive Officer on January 24, 2012. Mr. Eccleshare's base salary remained at that level for 2015.

In March 2015, we hired Mr. Wells as Chief Executive Officer of our Americas division. Under his employment agreement, Mr. Wells was provided an initial base salary of \$750,000.

For a more detailed description of the employment agreements of the named executive officers, please refer to Executive Compensation Employment Agreements with the Named Executive Officers.

Annual Incentive Bonus

Administration. Each of our named executive officers participates in our 2015 Executive Incentive Plan (the Annual Incentive Plan), other than Messrs. Pittman, Bressler, Macri and Hamilton, who participate in iHeartMedia's 2015 Executive Incentive Plan. The Annual Incentive Plan is administered by the Compensation Committee and is intended to provide an incentive to the named executive officers and other selected key executives to contribute to the growth, profitability and increased shareholder value and to retain such executives. Under the Annual Incentive Plan,

participants are eligible for performance-based awards, which represent the conditional right to receive cash or other property based upon the achievement of pre-established

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performance goals within a specified performance period. No single participant may receive more than \$15,000,000 in awards in any calendar year. The Annual Incentive Plan is designed to allow awards to qualify for the performance-based compensation exception under Section 162(m) of the Code.

The performance goals for our named executive officers are set pursuant to an extensive annual operating plan developed by the Chief Executive Officer in consultation with the Board, the Chief Financial Officer and other senior executive officers of Clear Channel Outdoor, within any parameters specified within each executive's employment agreement. The Chief Executive Officer makes recommendations as to the compensation levels and performance goals of our named executive officers (other than his own) to the Compensation Committee for its review, consideration and approval. The Compensation Committee has complete discretion to accept, reject or modify the recommendations of the Chief Executive Officer.

The 2015 annual incentive bonuses were based on the following performance goals (as further described below): (1) Mr. Eccleshare's performance goals were based upon achievement of a targeted OIBDAN level for CCI and certain qualitative performance objectives, which contributed to CCI's performance and (2) Mr. Wells' performance goals were based on the achievement of a targeted OIBDAN level for CCOA, excluding Latin America, and Latin America and certain qualitative performance objectives, which contributed to CCOA's performance. Pursuant to his employment agreement, for 2015, Mr. Eccleshare was provided with an additional bonus opportunity based on achievement of certain qualitative performance objectives directly relevant to his position and responsibilities.

The annual incentive bonuses and the payments made in 2015 under Mr. Eccleshare's additional bonus opportunities are reflected in the Non-Equity Incentive Compensation Plan column of the Summary Compensation Table. The annual incentive bonus amounts are determined according to the level of achievement of the objective OIBDAN-based performance goals and the individual qualitative performance goals. No award is earned under the objective performance goal below a minimum threshold of performance (90% of the applicable target OIBDAN for each individual) and a maximum amount is earned under the objective performance goal for performance at or above a maximum level (115% of the applicable target OIBDAN for each individual). The Compensation Committee may, in its discretion, reduce the awards earned pursuant to either the objective or individual qualitative performance goals, as applicable.

The Compensation Committee follows the process set forth below to determine the annual incentive bonuses and additional bonus opportunities for Messrs. Eccleshare and Wells:

at the outset of the fiscal year:

- set performance goals for the year for Clear Channel Outdoor and the operating divisions;
- set individual performance goals for each participant; and
- set a target and maximum annual incentive bonus and a maximum additional bonus opportunity for each applicable participant; and

after the end of the fiscal year, determine the earned amounts by measuring actual performance against the predetermined goals of Clear Channel Outdoor and the operating divisions, as well as any individual performance goals.

For 2015, Clear Channel Outdoor's OIBDAN performance was negatively impacted by the macroeconomic environment. As a result, Clear Channel Outdoor and its operating divisions did not meet their OIBDAN targets and the annual incentive bonus awards were paid below the target bonus levels. Pursuant to his employment agreement, the Compensation Committee awarded an additional bonus opportunity for Mr. Eccleshare with respect to 2015 performance. To enhance the retention value of the additional bonus award, as described below, a significant portion of the earned additional bonus for Mr. Eccleshare will be paid at a later date subject to Mr. Eccleshare's continued employment.

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Analysis. In determining whether the 2015 financial performance goals were met, the Compensation Committee considered the financial results of Clear Channel Outdoor and its operating divisions from January 1, 2015 to December 31, 2015. For 2015, the performance-based goals applicable to our named executive officers are set forth below.

C. William Eccleshare

Pursuant to his employment agreement, Mr. Eccleshare's target bonus for 2015 was set at \$1,000,000, with 70% based on the achievement of OIBDAN at CCI of \$312.7 million and 30% based on the achievement of the other qualitative performance objectives described below. His maximum bonus for 2015 was set at \$2,000,000. For purposes of calculating Mr. Eccleshare's bonus, OIBDAN was calculated as CCI's reportable OIBDAN before restructuring charges, which is defined as consolidated net income (loss) adjusted to exclude the following items: non-cash compensation expense; income tax benefit (expense); other income (expense)-net; equity in earnings (loss) of nonconsolidated affiliates; gain (loss) on marketable securities; gain (loss) on extinguishment of debt; interest expense; other operating income (expense)-net; depreciation and amortization; impairment charges; restructuring charges; the impact of foreign currency and other items. Mr. Eccleshare's individual qualitative performance objectives for 2015 consisted of: (1) undertaking a full review of CCI and proposing changes to reduce costs and increase efficiency; (2) hiring a new Chief Executive Officer for CCOA; (3) growing CCOH's reputation with advertisers and agencies; (4) developing and adopting the use of audience measurement systems, including mobile data; (5) providing strategic leadership of the global outdoor business; and (6) ensuring a focus on customers in leadership meetings, presentations and internal committees. CCI's 2015 OIBDAN was approximately \$289.7 million, which was below the OIBDAN target but above the OIBDAN minimum. Based on the achieved OIBDAN level, together with Mr. Eccleshare's level of achievement of his qualitative performance objectives described above, Mr. Eccleshare received an annual incentive bonus of \$712,686.

Pursuant to an additional bonus opportunity approved for Mr. Eccleshare by our Compensation Committee with respect to 2015 performance, Mr. Eccleshare also earned an additional \$240,000 supplemental bonus based on achieving the following additional performance objectives established by our Compensation Committee for Mr. Eccleshare with respect to our business: (1) hiring a new Chairman for Clear Media Limited; (2) building interactive outdoor networks in all major countries; and (3) developing a programmatic platform plan for CCI. Of the \$240,000 supplemental bonus earned with respect to 2015 performance, \$80,000 was paid at the end of February 2016, and the remaining \$160,000 will be paid in equal installments of \$80,000 each at the same time as the annual incentive bonus payments in 2017 and 2018 if Mr. Eccleshare remains employed on the applicable payment dates. In addition, at the end of February 2016, Mr. Eccleshare was paid the third of three \$84,000 installments earned pursuant to his additional bonus with respect to 2013 performance. He was also paid the second of three \$85,000 installments pursuant to his additional bonus with respect to 2014 performance. The final \$85,000 installment of the 2014 additional bonus will be paid at the same time as the annual incentive bonus payments are paid generally in 2017 if Mr. Eccleshare remains employed on the payment date.

Scott R. Wells

Pursuant to his employment agreement, Mr. Wells' target bonus for 2015 was set at \$624,658, with 65% based on the achievement of OIBDAN at CCOA, excluding Latin America, of \$493.5 million, 5% based on the achievement of Latin America OIBDAN of \$34.7 million and 30% based on the achievement of the other qualitative performance objectives described below. His maximum bonus for 2015 was set at \$1,249,316. For purposes of calculating Mr. Wells' bonus, OIBDAN was calculated as CCOA's reportable OIBDAN before restructuring charges, which is defined as consolidated net income (loss) adjusted to exclude the following items: non-cash compensation expense; income tax benefit (expense); other income (expense)-net; equity in earnings (loss) of nonconsolidated affiliates; gain

(loss) on marketable securities; gain (loss) on extinguishment of debt; interest expense; other operating income (expense)-net; depreciation and amortization; impairment charges; restructuring charges; the impact of foreign currency and other items. Mr. Wells individual qualitative

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performance objectives for 2015 consisted of: (1) driving CCOA's footprint to expand its audience; (2) reversing national advertiser demand trends; (3) hiring in key leadership positions and upgrading where necessary; (4) managing operating and capital expenditures; and (5) re-engaging the U.S markets in the CCOA business. The 2015 CCOA OIBDAN, excluding Latin America, was approximately \$466.7 million which was below the OIBDAN target but above the OIBDAN minimum. The Latin America OIBDAN was approximately \$24.7 million which was below the OIBDAN minimum. Based on the achieved OIBDAN levels, together with Mr. Wells' level of achievement of his qualitative performance objectives described above, Mr. Wells received an annual incentive bonus of \$483,067.

Long-Term Incentive Compensation

Administration. Our named executive officers participate in our 2012 Stock Incentive Plan or our previous 2005 Stock Incentive Plan (collectively, the 2005 Stock Incentive Plan and the 2012 Stock Incentive Plan are referred to as the Stock Incentive Plan), which allow for the issuance of incentive and non-statutory stock options, restricted stock and other equity awards. The Stock Incentive Plan is administered by our Compensation Committee. See Executive Compensation Grants of Plan-Based Awards for a more detailed description of the Stock Incentive Plan. As of December 31, 2015, there were 325 employees holding outstanding stock incentive awards under the Stock Incentive Plan. In general, the level of long-term incentive compensation is determined based on an evaluation of competitive factors in conjunction with total compensation provided to the executive officers and the overall goals of the compensation program described above. Long-term incentive compensation typically has been paid in stock options and/or restricted stock or restricted stock units with time-vesting conditions and/or vesting conditions tied to predetermined performance goals. The Board believes equity ownership is important for purposes of executive retention and alignment of interests with shareholders.

Stock Options, Restricted Stock and Restricted Stock Units. Long-term incentive compensation may be granted to our named executive officers in the form of stock options, with exercise prices of not less than fair market value of our Class A common stock on the date of grant and with a 10-year term. We typically define fair market value as the closing price on the date of grant. Long-term incentive compensation also may be granted to our named executive officers in the form of restricted stock or restricted stock unit awards. Vesting schedules are set by the Compensation Committee in its discretion and vary on a case by case basis. All vesting is contingent on continued employment, with rare exceptions made by the Compensation Committee. See Executive Compensation Potential Post-Employment Payments for a description of the treatment of the named executive officers' equity awards upon termination or change in control. All decisions to award the named executive officers stock options, restricted stock or restricted stock units are in the sole discretion of the Compensation Committee.

Analysis. On February 24, 2015, the Compensation Committee granted Messrs. Pittman and Bressler awards of 85,197 and 31,948 shares of restricted stock, respectively, which vest based on time.

Effective as of January 8, 2016 and February 5, 2016, in lieu of dividends that were paid to shareholders, the Compensation Committee granted Mr. Eccleshare awards of 38,138 and 55,315 restricted stock units, respectively, which vest based on time according to the original vesting schedules of the outstanding restricted stock unit awards. These awards are not included in the Summary Compensation Table herein as they were recognized as 2016 compensation and will be included in the 2016 Summary Compensation Table.

On March 3, 2015, the Compensation Committee granted Mr. Wells an award of 338,600 options of which 50% vest based on time and 50% vest upon satisfaction of performance conditions. Also, on June 15, 2015, the Compensation Committee granted Mr. Wells an award of 37,764 options and 45,830 restricted shares, both of which vest based on time.

As mentioned above, the Compensation Committee typically considers internal pay equity when determining the amount of long-term incentive compensation to grant to our named executive officers. However,

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the Committee does so broadly and does not have a specific policy, or seek to follow established guidelines or formulas, to maintain a particular ratio of long-term incentive compensation among the named executive officers or other executives. For further information about the 2015 long-term incentive awards, please refer to the Grants of Plan-Based Awards and the Employment Agreements with the Named Executive Officers sections appearing later under the Executive Compensation heading in this proxy statement.

Equity Award Grant Timing Practices

Regular Annual Equity Award Grant Dates. The grant date for regular annual stock options and other equity awards, as applicable, for employees, including the named executive officers and for our independent directors, typically is in the first half of the year. During 2015, our Board granted equity awards to our independent directors in June 2015. See

Director Compensation set forth below in this proxy statement for additional information regarding the new compensation program for our independent directors.

Employee New Hires/Promotions Grant Dates. Grants of stock options and other equity awards, if any, to newly-hired or newly promoted employees generally are made at the time of hire or promotion or at the regularly scheduled meeting of the Compensation Committee immediately following the hire or promotion. However, timing may vary as provided in a particular employee's agreement or to accommodate the Compensation Committee.

Initial Equity Award Grant Dates for Newly-Elected Independent Directors. Grants of stock options and other equity awards, as applicable, to newly-elected independent directors generally are made at the regularly scheduled meeting of the Board following their election. If an independent director is appointed between regularly scheduled Board meetings, then grants of stock options and other equity awards, as applicable, generally are made at the first meeting in attendance after such appointment.

Timing of Equity Awards. We do not have a formal policy on the timing of equity awards in connection with the release of material non-public information to affect the value of compensation. In the event that material non-public information becomes known to the Compensation Committee prior to granting equity awards, the Compensation Committee will take the existence of such information under advisement and make an assessment in its business judgment regarding whether to delay the grant of the equity award in order to avoid any potential impropriety.

Executive Benefits and Perquisites

We provide certain personal benefits to our named executive officers. The primary personal benefits provided to one or more of the named executive officers include: (1) certain pension benefits (or payments in lieu thereof) in the United Kingdom; (2) personal club dues; (3) company matching 401(k) contributions in the U.S.; (4) relocation expenses; (5) housing and related expenses and tax gross-ups; (6) private medical insurance for officers who are not U.S. citizens; and (7) transportation, automobile allowances, a leased car and the use of a car service.

Mr. Eccleshare participates in a private pension scheme (not sponsored by Clear Channel Outdoor) and, pursuant to his employment agreement, is entitled to have the Company contribute a portion of his salary to the private pension scheme. The pension scheme provides pension income at retirement based upon contributions made during the employee's years of participation. Mr. Eccleshare is required to make contributions to this scheme in order for the Company to make contributions (or provide cash benefits to him as salary in lieu of such contributions). He also receives a car allowance and leased car in the United Kingdom, private medical insurance and we have agreed to make a car service available for his business use in the United States. In addition, Mr. Eccleshare is reimbursed for the annual dues for memberships in certain clubs and we provide private medical insurance benefits to Mr. Eccleshare.

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Since 2009, we have recruited and hired several new executive officers and have promoted and relocated executive officers, as well as other officers and key employees. As part of this process, the Compensation Committee considered the benefits that would be appropriate to provide to facilitate and/or accelerate their relocation to our corporate locations. After experience recruiting and hiring several new executive officers and other key personnel since 2009, in October 2010 the Compensation Committee adopted a new Company-wide tiered relocation policy reflecting these types of relocation benefits. The Company-wide new relocation policy applies only in the case of a Company-requested relocation and provides different levels of benefits based on the employee's level within the organization. In connection with his promotion to serve as our Chief Executive Officer, Mr. Eccleshare relocated from our offices in London to our offices in New York City and then relocated back to London upon his transition to Chairman and Chief Executive Officer of CCI in March 2015. Through the negotiation of his employment agreement, we agreed to provide Mr. Eccleshare with the additional benefits described under Executive Compensation Employment Agreements with the Named Executive Officers below in consideration of his international relocation.

The Compensation Committee believes that the above benefits provide a more tangible incentive than an equivalent amount of cash compensation. In determining the named executive officers' total compensation, the Compensation Committee will consider these benefits. However, as these benefits and perquisites represent a relatively small portion of the named executive officers' total compensation (or, in the case of benefits such as relocation benefits, are not intended to occur frequently for each named executive officer), it is unlikely that they will materially influence the Compensation Committee's decision in setting such named executive officers' total compensation. For further discussion of these benefits and perquisites, including the methodology for computing their costs, please refer to the Summary Compensation Table included in this proxy statement, as well as the All Other Compensation table included in footnote (d) to the Summary Compensation Table. For further information about other benefits provided to the named executive officers, please refer to Executive Compensation Employment Agreements with the Named Executive Officers.

Severance Arrangements

Pursuant to their respective employment agreements, each of our named executive officers is entitled to certain payments and benefits in certain termination situations or upon a change in control. We believe that our severance arrangements facilitate an orderly transition in the event of changes in management. For further discussion of severance payments and benefits, see Executive Compensation Potential Post-Employment Payments set forth below in this proxy statement.

Roles and Responsibilities

Role of the Committee. The Compensation Committee is primarily responsible for conducting reviews of our executive compensation policies and strategies, overseeing and evaluating our overall compensation structure and programs, setting executive compensation, setting performance goals and evaluating the performance of executive officers against those goals and approving equity awards. The responsibilities of the Compensation Committee are described above under The Board of Directors Committees of the Board.

Role of Executive Officers. The Chief Executive Officer provides reviews and recommendations regarding executive compensation programs, policies and governance for the Compensation Committee's consideration. His responsibilities included, but are not limited to:

providing an ongoing review of the effectiveness of the compensation programs, including competitiveness and alignment with Clear Channel Outdoor's objectives;
recommending changes and new programs, if necessary, to ensure achievement of all program objectives;
and
recommending pay levels, payout and awards for executive officers other than himself.

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The Compensation Committee has the responsibility for administering performance awards under the Annual Incentive Plan. These duties included, among other things, setting the performance period, setting the performance goals and certifying the achievement of the predetermined performance goals by each named executive officer.

Use of Compensation Consultants. As described below under Certain Relationships and Related Party Transactions iHeartMedia, Inc. Corporate Services Agreement, our parent entity provides us with certain services, including human resources support. During 2015, iHeartMedia's management retained Mercer (US) Inc. to provide, using its existing sources of data, market competitive compensation data for the Chief Financial Officer and Chief Operating Officer positions at companies similar to iHeartMedia. Mercer (US) Inc. is affiliated with Marsh & McLennan Companies (together with its affiliated companies, MMC). During 2015, MMC was retained by management to provide services unrelated to executive or director compensation, including: an equity plan overhang analysis, consulting regarding international long-term incentive practices, leasing services, as well as insurance and brokerage services. MMC's fees during 2014 with respect to its review of Chief Financial Officer and Chief Operating Officer compensation were \$10,984, and the aggregate fees for the other services provided by MMC during 2015 were approximately \$1.6 million.

iHeartMedia requested and received responses from MMC addressing its independence, including the following factors: (1) other services provided to iHeartMedia and its subsidiaries by MMC; (2) fees paid iHeartMedia and its subsidiaries as a percentage of MMC's total revenue; (3) policies or procedures maintained by MMC that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagements and a member of the Compensation Committee; (5) any iHeartMedia or Clear Channel Outdoor stock owned by the individual consultants involved in the engagements; and (6) any business or personal relationships between our executive officers and MMC or the individual consultants involved in the engagements. The Compensation Committee discussed these considerations and concluded that MMC's work does not raise any conflict of interest.

TAX AND ACCOUNTING TREATMENT

Deductibility of Executive Compensation

Section 162(m) of the Code places a limit of \$1,000,000 on the amount of compensation Clear Channel Outdoor may deduct for Federal income tax purposes in any one year with respect to certain senior executives of Clear Channel Outdoor, which we referred to herein as the Covered Employees. However, performance-based compensation that meets certain requirements is excluded from this \$1,000,000 limitation.

In reviewing the effectiveness of the executive compensation program, the Compensation Committee considers the anticipated tax treatment to Clear Channel Outdoor and to the Covered Employees of various payments and benefits. However, the deductibility of certain compensation payments depends upon the timing of a Covered Employee's vesting or exercise of previously granted equity awards, as well as interpretations and changes in the tax laws and other factors beyond the control of the Compensation Committee. For these and other reasons, including to maintain flexibility in compensating the named executive officers in a manner designed to promote varying corporate goals, the Compensation Committee will not necessarily, or in all circumstances, limit executive compensation to that which is deductible under Section 162(m) of the Code and has not adopted a policy requiring all compensation to be deductible. The Compensation Committee may consider various alternatives to preserving the deductibility of compensation payments and benefits to the extent reasonably practicable and to the extent consistent with its other compensation objectives.

Accounting for Stock-Based Compensation

Clear Channel Outdoor accounts for stock-based payments, including awards under the Stock Incentive Plan, in accordance with the requirements of FASB ASC 718 (formerly Statement of Financial Accounting Standards No. 123(R)).

Table of Contents**EXECUTIVE COMPENSATION**

The Summary Compensation Table below provides compensation information for the years ended December 31, 2015, 2014 and 2013 for the principal executive officer (PEO), the former principal executive officer (Former PEO), the principal financial officer (PFO) and the next three most highly compensated executive officers serving during 2015 (collectively, the named executive officers). As described below under Certain Relationships and Related Party Transactions iHeartMedia, Inc. Corporate Services Agreement, a portion of the compensation for (1) 2015, 2014 and 2013 for Richard J. Bressler and Scott D. Hamilton, and (2) 2015 and 2014 for Steven J. Macri was allocated to us in recognition of their services provided to us. Those allocated amounts are reflected in the Summary Compensation Table below, along with any compensation that we or our subsidiaries provided to them directly.

SUMMARY COMPENSATION TABLE**Summary Compensation Table**

| Name and Principal Position | Year | Salary (\$) | Bonus ^(a) (\$) | Stock Awards ^(b) (\$) | Option Awards ^(c) (\$) | Non-Equity Incentive Plan Compensation ^(e) | All Other Compensation ^(d) | Total (\$) |
|--|------|--------------------------|------------------------------|--|---|--|---|---------------|
| | | | | | | (\$) | (\$) | |
| Robert W. Pittman | 2015 | | | 857,082 | | | | 857,082 |
| Chief Executive Officer (PEO) ^(e) | | | | | | | | |
| Richard J. Bressler | 2015 | 464,640 ^(g) | 67,734 ^(g) | 321,397 | | 590,506 ^(g) | 17,282 ^(g) | 1,461,559 |
| | 2014 | 476,040 ^(g) | 112,415 ^(g) | | | 482,635 ^(g) | 58,483 ^(g) | 1,129,573 |
| Chief Financial Officer (PFO) ^(f) | 2013 | 187,114 ^(g) | 463,427 ^(g) | 1,999,999 | | | 26,195 ^(g) | 2,676,735 |
| C. William Eccleshare | 2015 | 1,043,630 ⁽ⁱ⁾ | | | | 961,686 | 372,670 | 2,377,986 |
| | 2014 | 1,123,012 ⁽ⁱ⁾ | | | | 955,937 | 563,927 | 2,642,876 |
| | 2013 | 1,067,509 ⁽ⁱ⁾ | | | | 862,833 | 937,383 | 2,867,725 |
| Chief Executive Officer International division and Former Chief Executive Officer (Former PEO) ^(h) | | | | | | | | |
| Scott R. Wells | 2015 | 621,875 | | 485,340 | 1,664,649 | 483,067 | 5,000 | 3,259,931 |
| Chief Executive Officer Americas | | | | | | | | |

division^(j)

| | | | | | | |
|--|------|------------------------|-----------------------|------------------------|----------------------|---------|
| Steven J. Macri | 2015 | 123,904 ^(g) | 51,837 ^(g) | 104,979 ^(g) | 968 ^(g) | 281,688 |
| | 2014 | 39,353 ^(g) | 8,841 ^(g) | 25,592 ^(g) | 400 ^(g) | 74,186 |
| Senior Vice President Corporate Finance ^(k) | | | | | | |
| Scott D. Hamilton | 2015 | 145,200 ^(g) | | 77,615 ^(g) | 1,936 ^(g) | 224,751 |
| | 2014 | 142,812 ^(g) | | 59,458 ^(g) | 2,579 ^(g) | 204,849 |
| Senior Vice President, | 2013 | 120,483 ^(g) | 3,651 ^(g) | 30,362 ^(g) | 2,328 ^(g) | 156,824 |
| Chief Accounting Officer & Assistant Secretary ^(l) | | | | | | |

(a) The amounts reflect:

For Mr. Bressler, the portion allocated to Clear Channel Outdoor of the following cash payments from iHeartMedia: (1) a cash payment for 2015 and 2014 as discretionary bonus awards from iHeartMedia; and (2) for 2013, (a) a guaranteed minimum annual bonus from iHeartMedia equal to 150% of his base salary prorated for the number of days that he worked during 2013, which equaled \$769,315, and (b) a guaranteed additional bonus of \$500,000 from iHeartMedia, as provided in his employment agreement;

For Mr. Macri, the portion allocated to Clear Channel Outdoor in 2015 and 2014 of a discretionary cash bonus award from iHeartMedia; and

For Mr. Hamilton, the allocated portion of discretionary bonus awards that Mr. Hamilton received from iHeartMedia for 2013.

See Compensation Discussion and Analysis Elements of Compensation Annual Incentive Bonus.

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(b) The amounts shown in the Stock Awards column include the full grant date fair value of time-vesting restricted stock awarded to Messrs. Pittman, Bressler and Wells by Clear Channel Outdoor in 2015 and 2013, as applicable, computed in accordance with the requirements of FASB ASC Topic 718, but excluding any impact of estimated forfeiture rates as required by SEC regulations. For time-vesting restricted stock awards, the grant date fair value is based on the closing price of our Class A common stock on the date of grant. See Grants of Plan Based Awards for additional details.

The amounts shown in the Option Awards column reflect the full grant date fair value of time-vesting stock options awarded to Mr. Wells by Clear Channel Outdoor in 2015, computed in accordance with the requirements of FASB ASC Topic 718, but excluding any impact of estimated forfeiture rates as required by SEC regulations. See Grants of Plan Based Awards for additional details.

For further discussion of the assumptions made in valuation, see also Note 9-Shareholders' Equity (Deficit) beginning on page A-67 of Appendix A.

(c) The amounts reflect:

For Mr. Eccleshare, (1) cash payments from Clear Channel Outdoor as annual incentive bonus awards for 2014 and 2013 under its Amended and Restated 2006 Annual Incentive Plan and an award for 2015 under the 2015 Executive Incentive Plan pursuant to pre-established performance goals; (2) for 2015, a cash payment in 2016 of (a) the final one-third (\$84,000) of the \$252,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2013, (b) the second one-third (\$85,000) of the \$255,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2014 and (c) one-third (\$80,000) of the \$240,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2015; (3) for 2014, a cash payment in 2015 of (a) the final one-third (\$99,000) of the \$297,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2012, (b) a second one-third (\$84,000) of the \$252,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2013, and (c) one-third (\$85,000) of the \$255,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2014; and (4) for 2013, a cash payment in 2014 of (a) the second one-third (\$99,000) of the \$297,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2012 and (b) one-third (\$84,000) of the \$252,000 earned pursuant to an additional bonus opportunity based on pre-established performance goals with respect to 2013. The remaining \$85,000 of the additional bonus opportunity with respect to 2014 will be paid in 2017 and the remaining \$160,000 of the additional bonus opportunity with respect to 2015 will be paid in equal installments in 2017 and 2018, in each case if Mr. Eccleshare remains employed at the payment dates.

For Messrs. Bressler, Macri and Hamilton, the portion allocated to Clear Channel Outdoor of cash payments from iHeartMedia as annual incentive bonus awards for 2014 and 2013, as applicable, under its 2008 Annual Incentive Plan and for 2015 under its 2015 Executive Incentive Plan, each pursuant to pre-established performance goals.

With respect to 2015, (1) Mr. Bressler also earned an additional \$500,000 from iHeartMedia (a portion of which was allocated to Clear Channel Outdoor under the Corporate Services Agreement) and (2) Mr. Macri also earned an additional \$300,000 from iHeartMedia (a portion of which was allocated to Clear Channel Outdoor under the

Corporate Services Agreement), in each case based on pre-established performance goals with respect to 2015. These amounts were not reflected in the Non-Equity Incentive Plan Compensation column with respect to 2015 because they are to be paid at the same time as annual bonuses in 2018 if they remain employed through the payment date.

(d) As described below, for 2015 the All Other Compensation column reflects:

amounts we contributed under our 401(k) plan as a matching contribution for the benefit of Mr. Wells in the United States or payments in lieu of pension contributions for the benefit of Mr. Eccleshare in the United Kingdom;

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club membership dues for Mr. Eccleshare paid by us;
 personal tax services paid by us for Mr. Eccleshare;
 tax gross-ups on tax services for Mr. Eccleshare;
 relocation expenses for Mr. Eccleshare;
 legal expenses for Mr. Eccleshare;
 the cost of private medical insurance for the benefit of Mr. Eccleshare;
 automobile allowances, leased car and transportation expenses for the benefit of Mr. Eccleshare in the United Kingdom; and
 housing and related expenses for Mr. Eccleshare in the United States.

For 2015, the All Other Compensation column also reflects the allocation to us pursuant to the Corporate Services Agreement of:

amounts iHeartMedia contributed under the 401(k) plan as a matching contribution for the benefit of Messrs. Bressler, Macri and Hamilton; and
 the value of personal use of company aircraft by Mr. Bressler.

Mr. Eccleshare is a citizen of the United Kingdom. The amounts reported for Mr. Eccleshare for 2015 that were originally denominated in British pounds have been converted to U.S. dollars using the average exchange rate of £1=\$1.5281 for the year ended December 31, 2015.

| | Pittman | Bressler | Eccleshare | Wells | Macri | Hamilton |
|--|----------------|------------------|-------------------|-----------------|---------------|-----------------|
| Plan contributions (or payments in lieu thereof) | \$ | \$ 1,936 | \$ 153,835 | \$ 5,000 | \$ 968 | \$ 1,936 |
| Club dues | | | 637 | | | |
| Aircraft usage | | 15,346 | | | | |
| Tax services | | | 55,088 | | | |
| Tax services tax gross-up | | | 22,170 | | | |
| Relocation expenses | | | 32,275 | | | |
| Legal fees | | | 20,227 | | | |
| Private medical insurance | | | 28,768 | | | |
| Automobile allowance/transportation | | | 27,506 | | | |
| Housing and related expenses | | | 32,165 | | | |
| Total | \$ | \$ 17,282 | \$ 372,670 | \$ 5,000 | \$ 968 | \$ 1,936 |

Mr. Eccleshare is reimbursed for car service use for commuting and other personal purposes. Pursuant to his employment agreement and in connection with his relocation to the United States and relocation back to London upon his transition to Chairman and Chief Executive Officer of CCI, Mr. Eccleshare also receives certain housing, tax and other benefits.

Except as described below with respect to aircraft usage, the value of all benefits included in the All Other Compensation column is based on actual costs. For a description of the items reflected in the table above, see Employment Agreements with the Named Executive Officers below.

From time to time, our officers use aircraft owned or leased by iHeartMedia, pursuant to iHeartMedia's Aircraft Policy. The value of personal aircraft usage reported above is based on iHeartMedia's direct variable operating costs.

This methodology calculates an average variable cost per hour of flight. iHeartMedia applies the same methodology to aircraft that are covered by contracts with an outside aircraft management company under which iHeartMedia reimburses the aircraft management company for costs that would otherwise be incurred directly by iHeartMedia (including crew salaries, insurance, fuel and hangar rent) and pays them a monthly management fee for the oversight and administrative services that would otherwise have to be provided by iHeartMedia. On certain occasions, an executive's spouse or other family members and guests may accompany the executive on a flight and the additional direct operating cost incurred in such situations is included under the foregoing methodology.

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- (e) Mr. Pittman became Chief Executive Officer of iHeartMedia on October 2, 2011 and was appointed as our Chairman and Chief Executive Officer on March 2, 2015. The summary compensation information presented above for Mr. Pittman reflects his service in that capacity during the periods presented.
- (f) Mr. Bressler became our Chief Financial Officer on July 29, 2013. The summary compensation information presented above for Mr. Bressler reflects his service in that capacity since July 29, 2013.
- (g) As described below under Certain Relationships and Related Party Transactions iHeartMedia, Inc. Corporate Services Agreement, a subsidiary of iHeartMedia provides, among other things, certain executive officer services to us. Pursuant to the Corporate Services Agreement, based on our OIBDAN as a percentage of iHeartCommunications total OIBDAN, we were allocated 38.72% of certain amounts for 2015, 39.67% of certain amounts for 2014 and 36.51% of certain amounts for 2013. For Mr. Macri, the 2015 and 2014 allocated amounts also reflect the portion of his role that is tied to Clear Channel Outdoor as Senior Vice President Corporate Finance (50%). The 2014 allocated amount also reflects the portion of the year that he served in this role (31%). For Mr. Pittman, none of his 2015 compensation was allocated to CCOH.

The Summary Compensation Table above reflects these allocated amounts, as described below:

The Salary, Bonus, Non-Equity Incentive Plan Compensation and All Other Compensation columns presented above reflect the portion of the Salary, Bonus, Non-Equity Incentive Plan Compensation and All Other Compensation amounts allocated to us pursuant to the Corporate Services Agreement for Mr. Bressler for 2015, 2014 and 2013, for Mr. Macri for 2015 and 2014 and for Mr. Hamilton for 2015, 2014 and 2013.

The tables below reflect 100% of the applicable Salary, Bonus and Non-Equity Incentive Plan Compensation amounts and 100% of those allocated elements of the All Other Compensation amounts, the allocated percentage of which is included in the Summary Compensation Table above. For Messrs. Bressler and Macri, who also are named executive officers for iHeartMedia, these 100% amounts for the allocated items are disclosed by iHeartMedia in the Summary Compensation Table in iHeartMedia's proxy statement.

| | 100% of Allocated Salary Amounts | | |
|---------------------|---|--------------|-------------|
| | 2015 | 2014 | 2013 |
| Richard J. Bressler | \$ 1,200,000 | \$ 1,200,000 | \$512,500 |
| Steven J. Macri | 640,000 | 640,000 | |
| Scott D. Hamilton | 375,000 | 360,000 | 330,000 |

| | 100% of Allocated Bonus and Non-Equity Incentive Plan Compensation | | |
|---------------------|---|--------------|--------------|
| | 2015 | 2014 | 2013 |
| Richard J. Bressler | \$ 1,700,000 | \$ 1,500,000 | \$ 1,269,315 |
| Steven J. Macri | 810,000 | 560,000 | |
| Scott D. Hamilton | 200,453 | 149,882 | 93,160 |

100% of Allocated All Other Compensation Amounts

| | 2015 | 2014 | 2013 |
|---------------------|-------------|-------------|-------------|
| Richard J. Bressler | \$44,633 | \$147,424 | \$71,748 |
| Steven J. Macri | 5,000 | 6,500 | |
| Scott D. Hamilton | 5,000 | 6,500 | 6,375 |

- (h) On January 24, 2012, Mr. Eccleshare was promoted to Chief Executive Officer of Clear Channel Outdoor, overseeing both CCOA and CCI and served in that position until March 2, 2015, when he transitioned to become Chairman and Chief Executive Officer of our International division. Prior thereto, Mr. Eccleshare served as our Chief Executive Officer International. The summary compensation information presented

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above for Mr. Eccleshare reflects his service in those capacities during the relevant periods, as well as his service as a director of Clear Media Limited, as described in footnote (i) below. Mr. Eccleshare is a citizen of the United Kingdom and compensation amounts reported for him in the Summary Compensation Table that were originally denominated in British pounds have been converted to U.S. dollars using the average exchange rates of £1=\$1.5281, £1=\$1.6464 and £1=\$1.5637 for the years ended December 31, 2015, 2014 and 2013, respectively.

- (i) The amounts in the Salary column for Mr. Eccleshare include his base salary for his service as an officer of ours, as well as amounts paid for their service as a director of our majority-owned subsidiary, Clear Media Limited. Clear Media Limited is listed on the Hong Kong Stock Exchange. The amounts paid for the periods during which they each served as a director of Clear Media Limited are set forth in the table below. The amounts reflected in the table have been converted from Hong Kong dollars to U.S. dollars using the average exchange rate of HK\$1=\$0.1290 for the year ended December 31, 2015 and HK\$1=\$0.1289 for each of the years ended December 31, 2014 and 2013.

| | 2015 | 2014 | 2013 |
|-----------------------|-----------|-----------|-----------|
| C. William Eccleshare | \$ 18,060 | \$ 18,046 | \$ 18,046 |

- (j) Mr. Wells became the Chief Executive Officer of CCOA on March 3, 2015. The summary compensation information presented above for Mr. Wells reflects his service in that capacity during the periods presented.
- (k) Mr. Macri became our Senior Vice President Corporate Finance on September 9, 2014, and has served as Executive Vice President and Chief Financial Officer of the iHeartMedia division since October 7, 2013. Mr. Macri was not a named executive officer of ours until 2014. The summary compensation information presented above for Mr. Macri reflects his service in that capacity during 2015 and 2014.
- (l) Mr. Hamilton was appointed Senior Vice President, Chief Accounting Officer & Assistant Secretary on April 26, 2010, but was not a named executive officer of ours until 2012. The summary compensation information presented above for Mr. Hamilton reflects his service in that capacity during 2013, 2014 and 2015.

EMPLOYMENT AGREEMENTS WITH THE NAMED EXECUTIVE OFFICERS

Messrs. Eccleshare and Wells have employment agreements with us. Messrs. Pittman, Bressler and Macri have employment agreements with iHeartMedia and Mr. Hamilton has an employment agreement with iHMMS. Certain elements of their compensation are determined based on their respective employment agreements. The descriptions of the employment agreements set forth below do not purport to be complete and are qualified in their entirety by the employment agreements. For further discussion of the amounts of salary and bonus and other forms of compensation, see Compensation Discussion and Analysis above.

Each of the employment agreements discussed below provides for severance and change in control payments as more fully described under Potential Post-Employment Payments in this proxy statement, which descriptions are incorporated herein by reference.

As described below under Certain Relationships and Related Party Transactions iHeartMedia, Inc. Corporate Services Agreement, iHeartCommunications, our indirect parent entity, makes available to us, and we are obligated to use, the

services of certain executive officers of iHeartCommunications, and a portion of their compensation is allocated to us in recognition of their services provided to us. Accordingly, a portion of the compensation for (1) 2015, 2014 and 2013 for Richard J. Bressler and Scott D. Hamilton, and (2) 2015 and 2014 for Steven J. Macri was allocated to us in recognition of their services provided to us under the Corporate Services Agreement. The provisions of the employment agreements for Messrs. Bressler, Macri and Hamilton are described below to the extent that amounts payable thereunder would be or have been allocated to us under the Corporate Services Agreement.

Table of Contents**Robert W. Pittman**

On October 2, 2011, iHeartMedia entered into an employment agreement with Robert W. Pittman, pursuant to which he serves as Chief Executive Officer of iHeartMedia and served as Executive Chairman of the Board of Directors of CCOH. On March 2, 2015, Mr. Pittman became the Chairman and Chief Executive Officer of CCOH. The October 2, 2011 employment agreement superseded the consulting agreement that Mr. Pittman previously entered into with iHeartMedia and Pilot Group Manager LLC, dated November 15, 2010, and had an initial term ending on December 31, 2016, with automatic 12-month extensions thereafter unless either party provided prior notice electing not to extend the employment agreement. On January 13, 2014, iHeartMedia entered into an amended and restated employment agreement with Mr. Pittman. The amended and restated employment agreement has an initial five-year term ending on January 13, 2019, with automatic 12-month extensions thereafter unless either party gives prior notice electing not to extend the agreement.

Pursuant to his amended and restated employment agreement, Mr. Pittman's minimum base salary increased from \$1,000,000 per year under his previous employment agreement to \$1,200,000 per year. His base salary may be increased (but not decreased) at the discretion of iHeartMedia's Board or its compensation committee. Mr. Pittman also has the opportunity to earn an annual performance bonus for the achievement of reasonable performance goals established annually by iHeartMedia's Board or its compensation committee after consultation with Mr. Pittman. Under Mr. Pittman's previous employment agreement, his aggregate target annual bonus that could be earned upon achievement of all of his performance objectives was not less than \$1,650,000. Under the amended and restated employment agreement, beginning in 2014, Mr. Pittman's aggregate target annual performance bonus is 150% of his annual base salary. For 2015, Mr. Pittman received an annual incentive bonus of \$1,700,000, including a discretionary bonus of \$174,932. See Compensation Discussion and Analysis Elements of Compensation Annual Incentive Bonus.

Mr. Pittman is entitled to participate in all pension, profit sharing and other retirement plans, all incentive compensation plans, all group health, hospitalization and disability or other insurance plans, paid vacation, sick leave and other employee welfare benefit plans in which other similarly situated employees of iHeartMedia may participate. In addition, during the term of his employment, iHeartMedia will make an aircraft (which, to the extent available, will be a Dassault-Breguet Mystere Falcon 900) available to Mr. Pittman for his business and personal use and will pay all costs associated with the provision of the aircraft. iHeartMedia leases this aircraft from a company controlled by Mr. Pittman. See Certain Relationships and Related Party Transactions Commercial Transactions. If a company aircraft is not available due to service or maintenance issues, iHeartMedia will charter a comparable aircraft for Mr. Pittman's business and personal use. iHeartMedia also will make a car and driver available for Mr. Pittman's business and personal use in and around the New York area as well as anywhere else on company business. During 2014, iHeartMedia reimbursed Mr. Pittman for legal fees incurred by Mr. Pittman in connection with the negotiation of the amended and restated employment agreement.

Pursuant to his previous employment agreement, on October 2, 2011, Mr. Pittman was granted a stock option to purchase 830,000 shares of iHeartMedia's Class A common stock. See Outstanding Equity Awards at Fiscal Year-End below. In connection with the amended and restated employment agreement, on January 13, 2014, iHeartMedia and Mr. Pittman amended his stock option to terminate and forfeit 200,000 of the options. The termination and forfeiture applied ratably such that, effective January 13, 2014, 252,000 of the options were vested and 378,000 of the options vest ratably on the third, fourth and fifth anniversary of the October 2, 2011 grant date.

Pursuant to the amended and restated employment agreement, on January 13, 2014, iHeartMedia granted Mr. Pittman 350,000 restricted shares of iHeartMedia's Class A common stock. Mr. Pittman's iHeartMedia restricted stock award is divided into two tranches consisting of: (1) 100,000 shares (the Tranche 1 Shares) and (2) 250,000 shares (the Tranche 2 Shares). The Tranche 1 Shares vest in two equal parts on each of December 31, 2017 and December 31, 2018. The

Tranche 2 Shares vest only if the Sponsors receive a 100%

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return on their investment in iHeartMedia in the form of cash returns. In addition, as provided in the amended and restated employment agreement, on January 13, 2014, CCOH granted Mr. Pittman 271,739 restricted shares of CCOH's Class A common stock. Mr. Pittman's CCOH restricted stock award vests in two equal parts on each of December 31, 2016 and December 31, 2017.

Mr. Pittman's amended and restated employment agreement contains a 280G gross-up provision that applies in certain circumstances in which any payments (the Company Payments) received by Mr. Pittman are deemed to be excess parachute payments subject to excise taxes under Section 4999 of the Code. If, at the time any such excise tax is imposed, the shareholder approval rules of Q&A 6 in the applicable Section 280G regulations (the Cleansing Vote Rules) are applicable and Mr. Pittman declines to submit such excess parachute payments for approval by iHeartMedia's shareholders, iHeartMedia will pay to Mr. Pittman an amount equal to the excise tax imposed by Section 4999 of the Code. If, at the time any excise tax is imposed, the Cleansing Vote Rules are not applicable, Mr. Pittman will be entitled to a gross-up payment equal to (1) the excise tax and (2) any U.S. Federal, state and local income or payroll tax imposed on the gross-up payment (excluding any U.S. Federal, state and local income or payroll taxes otherwise imposed on the Company Payments); provided that if the Company Payments are found to be equal to or less than 110% of the safe harbor amount referenced in the amended and restated employment agreement, the Company Payments will be reduced to equal the safe harbor amount, such that no excise tax will be imposed by Section 4999 of the Code.

Under the employment agreement, Mr. Pittman is required to protect the secrecy of the confidential information of iHeartMedia, CCOH and the subsidiaries of each (the Company Group). He also is prohibited by the agreement from engaging in certain activities that compete with the Company Group during employment and for 18 months after his employment terminates, and he is prohibited from soliciting employees or customers of the Company Group during employment and for 18 months after termination of employment. iHeartMedia agreed to defend and indemnify Mr. Pittman for acts committed in the course and scope of his employment.

Richard J. Bressler

On July 29, 2013, iHeartMedia entered into an employment agreement with Mr. Bressler. The employment agreement has an initial term ending on December 31, 2018, with automatic 12-month extensions beginning on January 1, 2019 unless either party gives prior notice electing not to extend the employment agreement.

Under the employment agreement, Mr. Bressler receives a base salary from iHeartMedia at a rate no less than \$1,200,000 per year, subject to increase at the discretion of iHeartMedia's board of directors or its compensation committee. Mr. Bressler also has the opportunity to earn an annual performance bonus from iHeartMedia for the achievement of reasonable performance goals established annually by iHeartMedia's board of directors or its compensation committee after consultation with Mr. Bressler. The annual target performance bonus that may be earned from iHeartMedia when all of Mr. Bressler's performance objectives are achieved will be not less than 150% of Mr. Bressler's base salary amount. In addition to the annual bonus, Mr. Bressler is also eligible for an additional annual bonus opportunity from iHeartMedia of up to \$500,000, based on iHeartMedia's achievement of one or more annual performance goals determined by iHeartMedia's chief executive officer and approved by iHeartMedia's board of directors or a committee thereof. Any additional bonus amounts will be paid during the quarter that follows the third anniversary of the beginning of the applicable performance period and will be contingent in each case upon Mr. Bressler's continued employment through the applicable payment date. For 2015, Mr. Bressler received from iHeartMedia an annual incentive bonus of \$1,700,000, including a discretionary bonus of \$174,932. Mr. Bressler also earned an additional bonus of \$500,000 which will be paid when performance bonuses are generally paid in 2018 if he remains employed on the payment date. Mr. Bressler also is entitled to participate in all pension, profit sharing and other retirement plans, all incentive compensation plans, all group health, hospitalization and disability or other

insurance plans, paid vacation, sick leave and other employee welfare benefit plans in which other similarly situated employees of iHeartMedia may participate.

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During the term of his employment, iHeartMedia will make a car service available for Mr. Bressler's business use.

Mr. Bressler's employment agreement contains a 280G gross-up provision that applies in certain circumstances in which any payments (the Company Payments) received by Mr. Bressler are deemed to be excess parachute payments subject to excise taxes under Section 4999 of the Code. If, at the time any such excise tax is imposed, the shareholder approval rules of Q&A 6 in the applicable Section 280G regulations (the Cleansing Vote Rules) are applicable and Mr. Bressler declines to submit the excess parachute payments for approval by iHeartMedia's shareholders, iHeartMedia will pay to Mr. Bressler an amount equal to the excise tax imposed by Section 4999 of the Code. If, at the time any excise tax is imposed, the Cleansing Vote Rules are not applicable, Mr. Bressler will be entitled to a gross-up payment equal to (1) the excise tax and (2) any U.S. Federal, state and local income or payroll tax imposed on such gross-up payment (excluding any U.S. Federal, state and local income or payroll taxes otherwise imposed on the Company Payments); provided that if the Company Payments are found to be equal to or less than 110% of the safe harbor amount referenced in Mr. Bressler's employment agreement, the Company Payments will be reduced to equal the safe harbor amount, such that no excise tax will be imposed by Section 4999 of the Code.

As provided in Mr. Bressler's employment agreement, on July 29, 2013, Clear Channel Outdoor granted Mr. Bressler 271,739 restricted shares of the Class A common stock of Clear Channel Outdoor. See the Grants of Plan-Based Awards During 2014 table and Outstanding Equity Awards at Fiscal Year-End below for a description of the terms of the award.

Under the employment agreement, Mr. Bressler is required to protect the secrecy of the confidential information of iHeartMedia, Clear Channel Outdoor and the subsidiaries of each (the Company Group). He also is prohibited by the agreement from engaging in certain activities that compete with the Company Group during employment and for 18 months after his employment terminates, and he is prohibited from soliciting employees or customers of the Company Group during employment and for 18 months after termination of employment. iHeartMedia agreed to defend and indemnify Mr. Bressler for acts committed in the course and scope of his employment.

C. William Eccleshare

January 24, 2012 Employment Agreement. On January 24, 2012, Mr. Eccleshare was promoted to serve as Chief Executive Officer of Clear Channel Outdoor, overseeing both our Americas and International divisions. In connection with his promotion, Clear Channel Outdoor and Mr. Eccleshare entered into a new employment agreement. Mr. Eccleshare's employment agreement has an initial term beginning on January 24, 2012 and continuing until December 31, 2014, with automatic 12-month extensions thereafter, beginning on January 1, 2015, unless either Clear Channel Outdoor or Mr. Eccleshare gives prior notice electing not to extend the employment agreement. The employment agreement replaces Mr. Eccleshare's Contract of Employment dated August 31, 2009.

As our Chief Executive Officer, Mr. Eccleshare relocated from our offices in London to our offices in New York City in 2012. In his new position, Mr. Eccleshare receives an annual base salary of \$1,000,000; provided, however, that until Mr. Eccleshare relocated to the United States, his base salary was to be paid in British pounds (using an exchange rate of £1=\$1.49). His salary will be reviewed at least annually for possible increase by our Board. During the term of the employment agreement, Mr. Eccleshare is eligible to receive an annual performance bonus with a target of not less than \$1,000,000 and the opportunity to earn up to 200% of the target amount based on the achievement of the performance goals specified in his employment agreement for 2012 and the performance goals to be set by the Compensation Committee of our Board for years after 2012. In addition to the annual bonus, Mr. Eccleshare is eligible to receive an additional annual bonus of up to \$300,000 based on the achievement of one or more annual performance goals determined by our Board or a subcommittee thereof. Any bonus earned under the additional bonus opportunity will be paid by us in equal cash installments

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on or about the first, second and third anniversary of the beginning of the applicable performance period and will be contingent in each case upon his continued employment through the applicable payment date. For 2015, Mr. Eccleshare received an annual bonus of \$712,686. Mr. Eccleshare also (1) received an additional bonus payment of \$84,000 provided pursuant to his additional bonus opportunity earned with respect to 2013 performance (2) received an additional bonus payment of \$85,000 provided pursuant to his additional bonus opportunity earned with respect to 2014 performance and (3) earned an additional bonus of \$240,000 with respect to his additional bonus opportunity with respect to 2015 performance, \$80,000 of which was paid in February 2016 and \$160,000 of which will be paid in equal installments in 2017 and 2018 when performance bonuses are generally paid if he remains employed on the applicable payment dates. See Compensation Discussion and Analysis Elements of Compensation Annual Incentive Bonus.

We continue to contribute to Mr. Eccleshare's personal pension plan registered under Chapter 2, Part 4 of the Finance Act of 2004 in the United Kingdom, as provided in his previous Contract of Employment. We also agreed to reimburse Mr. Eccleshare for the reasonable costs and expenses (not to exceed \$25,000 annually, fully grossed-up for applicable taxes) associated with filing his U.S. and U.K. personal income tax returns, as applicable. If Mr. Eccleshare's actual U.S. and U.K. income tax and Social Security/National Insurance in a given year exceeds the tax obligations that he would have incurred on the same income (excluding all taxable income not paid by us or a subsidiary or affiliate) had he remained subject only to U.K. income tax and National Insurance over the same period, we will reimburse this excess tax on a fully-grossed up basis for applicable taxes. We also agreed to make a car service available for Mr. Eccleshare's business use and paid all fees associated with the immigration applications for Mr. Eccleshare and his spouse. Mr. Eccleshare is eligible to receive health, medical, welfare and life insurance benefits and paid vacation on a basis no less favorable than provided to our similarly-situated senior executives; provided, however, that his life insurance benefit shall be for an amount equal to four times his annual base salary. Further, we agreed to make a car service available to Mr. Eccleshare for his business use. Mr. Eccleshare is also to be reimbursed for travel and entertainment related expenses, consistent with past practices pursuant to Company policy.

As provided in the employment agreement, Mr. Eccleshare was awarded 506,329 restricted stock units with respect to our Class A common stock on July 26, 2012 in connection with his promotion. See Outstanding Equity Awards at Fiscal Year-End below.

During Mr. Eccleshare's employment with us and for 18 months thereafter, Mr. Eccleshare is subject to non-competition, non-interference and non-solicitation covenants substantially consistent with our other senior executives. Mr. Eccleshare also is subject to customary confidentiality, work product and trade secret provisions. During the term of the employment agreement, Mr. Eccleshare may continue to perform non-executive services with Hays plc. Upon his service with Hays plc ceasing, Mr. Eccleshare will be permitted to perform another non-executive role at any time with a business that does not compete with us or our affiliates, subject to our prior written consent that will not be unreasonably withheld.

March 2, 2015 Amendment to January 24, 2012 Employment Agreement. Effective March 2, 2015, Mr. Eccleshare and Clear Channel Outdoor entered into an amendment (the First Eccleshare Amendment) to Mr. Eccleshare's employment agreement dated January 24, 2012 (the Prior Employment Agreement). Pursuant to the terms of the First Eccleshare Amendment, (1) Mr. Eccleshare's title was amended to be Chairman and Chief Executive Officer of CCI, (2) the definition of Good Reason was amended to provide that Mr. Eccleshare may not trigger Good Reason as a result of the change in position and duties related to the First Eccleshare Amendment for a period of one (1) year after the effective date of the First Eccleshare Amendment, after which Mr. Eccleshare can exercise the right to trigger Good Reason as a result of the change in position and duties related to the First Eccleshare Amendment for thirty (30) days as provided for and in accordance with the terms of his Prior Employment Agreement, (3) Clear Channel Outdoor agreed to continue to reimburse Mr. Eccleshare for the reasonable costs and expenses (not to exceed \$25,000

annually, fully grossed-up for applicable taxes) associated with filing his U.S. and U.K. personal income tax returns, as applicable, both during the remainder of his employment with Clear Channel Outdoor and for a period of twelve (12) months thereafter, and (4) Clear

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Channel Outdoor agreed to reimburse Mr. Eccleshare for certain relocation costs associated with the relocation of Mr. Eccleshare and his family from New York City to London in connection with a termination due to death, disability, by Clear Channel Outdoor without cause or by Mr. Eccleshare for Good Reason (as such terms are defined in the Prior Employment Agreement), whether such costs are incurred during his employment with Clear Channel Outdoor or during the 12-month period thereafter (previously, Mr. Eccleshare would only be entitled to such reimbursement if the relevant costs were incurred during the 12-month period following termination of his employment with Clear Channel Outdoor).

December 17, 2015 Amendment to January 24, 2012 Employment Agreement. Effective December 17, 2015, Mr. Eccleshare and Clear Channel Outdoor entered into an amendment (the "Second Eccleshare Amendment") to Mr. Eccleshare's Prior Employment Agreement. Pursuant to the terms of the Second Eccleshare Amendment, (1) Mr. Eccleshare's term of employment was extended until December 31, 2017 and thereafter provided for automatic one-year extensions, unless either Clear Channel Outdoor or Mr. Eccleshare gives prior notice electing not to extend the agreement, (2) in the event there is a disposition of the European assets of CCI, Mr. Eccleshare will be considered for a cash payment in an amount to be determined by Clear Channel Outdoor in its sole discretion, (3) commencing in 2016, Mr. Eccleshare is eligible for an additional long-term incentive opportunity from Clear Channel Outdoor, consistent with other comparable positions pursuant to the terms of the award agreement(s), taking into consideration demonstrated performance and potential, and subject to approval by Mr. Eccleshare's manager and the Board or the compensation committee of Clear Channel Outdoor, and (4) in consideration of Mr. Eccleshare entering into the First Eccleshare Amendment and the Second Eccleshare Amendment and as a result of the change in his position and duties related to the First Eccleshare Amendment and provided Mr. Eccleshare's employment has not ended prior to March 1, 2016, Mr. Eccleshare shall receive, subject to certain conditions, (a) the severance payment he would have been entitled to pursuant to the Prior Employment Agreement, except it shall be paid in two annual installments of \$1.1 million on March 1, 2016 and \$1.1 million on March 1, 2017 and (b) vesting of one-half of any then unvested restricted stock units on March 1, 2016 and vesting of the other half of such restricted stock units on March 1, 2017.

Scott R. Wells

Effective March 3, 2015 (the "Effective Date"), CCOH entered into an employment agreement (the "Wells Employment Agreement") with Mr. Wells. The Wells Employment Agreement has an initial term (the "Initial Term") that ends on March 2, 2019 and thereafter provides for automatic four-year extensions, unless either CCOH or Mr. Wells gives prior notice electing not to extend the agreement. Subject to the termination provisions described below, Mr. Wells will receive a base salary from CCOH at a rate no less than \$750,000 per year, which shall be increased at CCOH's discretion. Mr. Wells will also have the opportunity to earn an annual performance bonus (the "Performance Bonus") from CCOH for the achievement of financial and performance criteria established by CCOH and approved in the annual budget. The target performance bonus that may be earned will be not less than 100% of Mr. Wells' base salary amount (the "Target Bonus"). In addition to the annual bonus, Mr. Wells is also eligible for an additional long-term incentive opportunity (the "Long-Term Incentive Amount") from CCOH with an approximate value of \$1,000,000 for each award, consistent with other comparable positions pursuant to the terms of the award agreement(s), taking into consideration demonstrated performance and potential, and subject to approval by the board of directors or the compensation committee of CCOH, as applicable. The Wells Employment Agreement also entitles Mr. Wells to participate in all employee welfare benefit plans in which other similarly situated employees of CCOH may participate. CCOH will reimburse Mr. Wells for the attorneys' fees incurred by Mr. Wells in connection with the negotiation of the Wells Employment Agreement and ancillary documents, up to a maximum reimbursement of \$25,000 in the aggregate. The Wells Employment Agreement also contains a customary confidentiality provision that survives Mr. Wells' termination of employment, as well as customary non-competition and non-solicitation provisions that apply during employment and for the 12-month period thereafter.

If Mr. Wells' employment with CCOH is terminated by CCOH without Cause (as defined in the Wells Employment Agreement), if Mr. Wells terminates his employment for Good Reason (as defined in the Wells

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Employment Agreement) or if Mr. Wells' employment is terminated following CCOH's notice of non-renewal, CCOH shall pay to Mr. Wells: (i) Mr. Wells' accrued and unpaid base salary; (ii) any earned but unpaid prior year bonus, if any, through the date of termination; (iii) any unreimbursed business expenses; and (iv) any payments to which he may be entitled under any applicable employee benefit plan according to the terms of such plans and policies (collectively, the "Accrued Obligations"). In addition, if Mr. Wells has signed and returned (and has not revoked) a general release of claims in a form satisfactory to CCOH by the thirtieth (30th) day following the date of his termination, CCOH will: (i) pay to Mr. Wells, in periodic payments over a period of 18 months following such date of termination in accordance with ordinary payroll practices and deductions in effect on the date of termination, Mr. Wells' base salary; (ii) pay Mr. Wells in a lump sum an amount equal to the COBRA premium payments Mr. Wells would be required to pay for continuation of healthcare coverage during the 12-month period following the date of Mr. Wells' termination (less the amount that Mr. Wells would have had to pay for such coverage as an active employee); (iii) pay to Mr. Wells a prorated bonus, calculated based upon performance as of the termination date as related to overall performance at the end of the calendar year; (iv) pay to Mr. Wells a separation bonus in an amount equal to the Target Bonus to which Mr. Wells would be entitled for the year in which Mr. Wells' employment terminates; and (v) any unvested Time Vesting Options (as defined below) scheduled to vest within the twelve (12) month period following the date of termination will vest in full on the date of termination and any unvested Performance Vesting Options (as defined below) will remain eligible to vest for the three (3) month period following the date of termination.

If Mr. Wells' employment with CCOH is terminated due to Mr. Wells' death or disability or Mr. Wells elects not to renew his employment, CCOH will pay to Mr. Wells or to his designee or estate the Accrued Obligations.

As provided in the Wells Employment Agreement, the compensation committee of the board of directors of CCOH approved an award by CCOH, effective as of March 3, 2015, of options to purchase shares of CCOH's Class A common stock having a value equal to \$1,500,000 as of the award date (based on the Black-Scholes valuation method). Fifty percent of the award has performance-based vesting (the "Performance Vesting Options") and fifty percent of the award vests over time (the "Time Vesting Options"). The Time Vesting Options will vest in equal amounts on the first, second, third and fourth anniversaries of the Effective Date, so long as Mr. Wells remains employed on the vesting date (except as previously set forth in the event of a termination by CCOH without Cause (as defined in the Wells Employment Agreement), if Mr. Wells terminates his employment for Good Reason (as defined in the Wells Employment Agreement) or if Mr. Wells' employment is terminated following CCOH's notice of non-renewal). The Performance Vesting Options will vest on the date that CCOA achieves certain financial and performance criteria, so long as Mr. Wells remains employed on the vesting date (except as previously set forth in the event of a termination by CCOH without Cause (as defined in the Wells Employment Agreement), if Mr. Wells terminates his employment for Good Reason (as defined in the Wells Employment Agreement) or if Mr. Wells' employment is terminated following CCOH's notice of non-renewal).

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The preparation of financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported consolidated amounts of assets and liabilities, including disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the periods reported. Actual results could differ materially from those estimates under different assumptions or conditions. We have identified our investment valuation policy (the "Policy"), which is described below, as our most

critical accounting policy.

Investment Valuation

The most significant estimate inherent in the preparation of our consolidated financial statements is the valuation of investments and the related amounts of unrealized appreciation and depreciation of investments recorded in our accompanying *Condensed Consolidated Financial Statements*.

Accounting Recognition

We record our investments at fair value in accordance with the Financial Accounting Standards Board (the FASB) Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) and the 1940 Act. Investment transactions are recorded on the trade date. Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and amortized cost basis of the investment, without regard to unrealized depreciation or appreciation previously recognized, and include investments charged off during the period, net of recoveries. Unrealized depreciation or appreciation primarily reflects the change in investment fair values, including the reversal of previously recorded unrealized depreciation or appreciation when gains or losses are realized.

In accordance with ASC 820, our investments' fair value is determined to be the price that would be received for an investment in a current sale, which assumes an orderly transaction between willing market participants on the measurement date. This fair value definition focuses on exit price in the principal, or most advantageous, market and prioritizes, within a measurement of fair value, the use of market-based inputs over entity-specific inputs. ASC 820 also establishes the following three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of a financial instrument as of the measurement date.

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical financial instruments in active markets;

Level 2 inputs to the valuation methodology include quoted prices for similar financial instruments in active or inactive markets, and inputs that are observable for the financial instrument, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 inputs are in those markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers; and

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs are those inputs that reflect assumptions that market participants would use when pricing the financial instrument and can include the Valuation Team's assumptions based upon the best available information.

When a determination is made to classify our investments within Level 3 of the valuation hierarchy, such determination is based upon the significance of the unobservable factors to the overall fair value measurement. However, Level 3 financial instruments typically include, in addition to the unobservable, or Level 3, inputs, observable inputs (or, components that are actively quoted and can be validated to external sources). The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. As of December 31 and September 30, 2014, all of our investments were valued using Level 3 inputs and during the three months ended December 31, 2014 and 2013, there were no investments transferred into or out of Level 1, 2 or 3.

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Board Responsibility

In accordance with the 1940 Act, our Board of Directors has the ultimate responsibility for reviewing and approving, in good faith, the fair value of our investments based on the Policy. Our Board of Directors reviews valuation recommendations that are provided by professionals of the Adviser and Administrator with oversight and direction from the valuation officer (the Valuation Team). There is no single standard for determining fair value (especially for privately-held businesses), as fair value depends upon the specific facts and circumstances of each individual investment. In determining the fair value of our investments, the Valuation Team, led by the valuation officer, uses the Policy and each quarter our Board of Directors reviews the Policy to determine if changes thereto are advisable and also reviews whether the Valuation Team has applied the Policy consistently.

Use of Third Party Valuation Firms

The Valuation Team engages third party valuation firms to provide independent assessments of fair value of certain of our investments. Currently, the sole third-party service provider Standard & Poor's Securities Evaluation, Inc. (SPSE) provides estimates of fair value on our proprietary debt investments.

The Valuation Team generally assigns SPSE's estimates of fair value to our debt investments where we do not have the ability to effectuate a sale of the applicable portfolio company. The Valuation Team corroborates SPSE's estimates of fair value using one or more of the valuation techniques discussed below. The Valuation Team's estimate of value on a specific debt investment may significantly differ from SPSE's. When this occurs, our Board of Directors reviews whether the Valuation Team has followed the Policy and whether the Valuation Team's recommended value is reasonable in light of the Policy and other relevant facts and circumstances and then votes to accept or reject the Valuation Team's recommended valuation.

Valuation Techniques

In accordance with ASC 820, the Valuation Team uses the following techniques when valuing our investment portfolio:

Total Enterprise Value In determining the fair value using a total enterprise value (TEV), the Valuation Team first calculates the TEV of the portfolio company by incorporating some or all of the following factors: the portfolio company's ability to make payments and other specific portfolio company attributes; the earnings of the portfolio company (the trailing or projected twelve month revenue or earnings before interest, taxes, depreciation and amortization (EBITDA)); EBITDA or revenue multiples obtained from our indexing methodology whereby the original transaction EBITDA or revenue multiple at the time of our closing is indexed to a general subset of comparable disclosed transactions and EBITDA or revenue multiples from recent sales to third parties of similar securities in similar industries; a comparison to publicly traded securities in similar industries, and other pertinent factors. The Valuation Team generally references industry statistics and may use outside experts when gathering this information. Once the TEV is determined for a portfolio company, the Valuation Team then allocates the TEV to the portfolio company's securities in order of their relative priority in the capital structure. Generally, the Valuation Team uses TEV to value our equity investments and, in the circumstances where we have the ability to effectuate a sale of a portfolio company, our debt investments.

TEV is primarily calculated using EBITDA or revenue multiples; however, TEV may also be calculated using a discounted cash flow (DCF) analysis whereby future expected cash flows of the portfolio company are discounted to

determine a net present value using estimated risk-adjusted discount rates, which incorporate adjustments for nonperformance and liquidity risks. Generally, the Valuation Team uses the DCF to calculate TEV to corroborate estimates of value for our equity investments where we do not have the ability to effectuate a sale of a portfolio company or for debt of credit impaired portfolio companies.

Yield Analysis The Valuation Team generally determines the fair value of our debt investments using the yield analysis, which includes a DCF calculation and the Valuation Team's own assumptions, including, but not limited to, estimated remaining life, current market yield, current leverage, and interest rate spreads. This technique develops a modified discount rate that incorporates risk premiums including, among other things, increased probability of default, increased loss upon default and increased liquidity risk. Generally, the Valuation Team uses the yield analysis to corroborate both estimates of value provided by SPSE and market quotes.

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Market Quotes For our syndicate investments for which a limited market exists, fair value is generally based on readily available and reliable market quotations which are corroborated by the Valuation Team (generally by using the yield analysis explained above). In addition, the Valuation Team assesses trading activity for similar syndicated investments and evaluates variances in quotations and other market insights to determine if any available quoted prices are reliable. Typically, the Valuation Team uses the lower indicative bid price (IBP) in the bid-to-ask price range obtained from the respective originating syndication agent's trading desk on or near the valuation date. The Valuation Team may take further steps to consider additional information to validate that price in accordance with the Policy.

Investments in Funds For equity investments in other funds, the Valuation Team generally determines the fair value of our uninvested capital at par value and of our invested capital at the NAV provided by the fund. The Valuation Team may also determine fair value of our investments in other investment funds based on the capital accounts of the underlying entity.

In addition to the above valuation techniques, the Valuation Team may also consider the other factors when determining fair values of our investments, including but not limited to: the nature and realizable value of the collateral, including external parties' guaranties; any relevant offers or letters of intent to acquire the portfolio company; and the markets in which the portfolio company operates. If applicable, new and follow-on proprietary debt and equity investments made during the most recently completed quarter are generally valued at original cost basis.

Fair value measurements of our investments may involve subjective judgments and estimates and due to the inherent uncertainty of determining these fair values, the fair value of our investments may fluctuate from period to period. Additionally, changes in the market environment and other events that may occur over the life of the investment may cause the gains or losses ultimately realized on these investments to be different than the valuations currently assigned. Further, such investments are generally subject to legal and other restrictions on resale or otherwise are less liquid than publicly traded securities. If we were required to liquidate a portfolio investment in a forced or liquidation sale, we could realize significantly less than the value at which it is recorded.

Refer to Note 3 *Investments* in the accompanying notes to our accompanying *Condensed Consolidated Financial Statements* included elsewhere in this report for additional information regarding fair value measurements and our application of ASC 820.

Credit Monitoring and Risk Rating

The Adviser monitors a wide variety of key credit statistics that provide information regarding our portfolio companies to help us assess credit quality and portfolio performance and, in some instances, are used as inputs in our valuation techniques. Generally, we, through the Adviser, participate in periodic board meetings of our portfolio companies in which we hold board seats and also require them to provide annual audited and monthly unaudited financial statements. Using these statements or comparable information and board discussions, the Adviser calculates and evaluates certain credit statistics.

The Adviser risk rates all of our investments in debt securities. The Adviser does not risk rate our equity securities. For syndicated loans that have been rated by a Nationally Recognized Statistical Rating Organization (NRSRO) (as defined in Rule 2a-7 under the 1940 Act), the Adviser generally uses the average of two corporate level NRSRO's risk ratings for such security. For all other debt securities, the Adviser uses a proprietary risk rating system. While the Adviser seeks to mirror the NRSRO systems, we cannot provide any assurance that the Adviser's risk rating system will provide the same risk rating as an NRSRO for these securities. The Adviser's risk rating system is used to estimate the probability of default on debt securities and the expected loss if there is a default. The Adviser's risk rating system

uses a scale of 0 to >10, with >10 being the lowest probability of default. It is the Adviser's understanding that most debt securities of medium-sized companies do not exceed the grade of BBB on an NRSRO scale, so there would be no debt securities in the middle market that would meet the definition of AAA, AA or A. Therefore, the Adviser's scale begins with the designation >10 as the best risk rating which may be equivalent to a BBB from an NRSRO; however, no assurance can be given that a >10 on the Adviser's scale is equal to a BBB or Baa2 on an NRSRO scale. The Adviser's risk rating system covers both qualitative and quantitative aspects of the

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business and the securities we hold. During the three months ended June 30, 2014, we modified our risk rating model to incorporate additional factors in our qualitative and quantitative analysis. While the overall process did not change, we believe the additional factors enhance the quality of the risk ratings of our investments. No adjustments were made to prior periods as a result of this modification.

The following table reflects risk ratings for all proprietary loans in our portfolio as of December 31, 2014 and September 30, 2014, representing approximately 78.2% and 80.8%, respectively, of the principal balance of all debt investments in our portfolio at the end of each period:

| Rating | As of December 31, 2014 | As of September 30, 2014 |
|------------------|--|---|
| Highest | 8.0 | 9.0 |
| Average | 5.7 | 5.9 |
| Weighted Average | 5.4 | 5.2 |
| Lowest | 3.0 | 2.0 |

The following table reflects corporate level risk ratings for all syndicated loans in our portfolio that were rated by an NRSRO as of December 31, 2014 and September 30, 2014, representing approximately 19.7% and 16.6%, respectively, of the principal balance of all debt investments in our portfolio at the end of each period:

| Rating | As of December 31, 2014 | As of September 30, 2014 |
|------------------|--|---|
| Highest | 6.0 | 6.0 |
| Average | 4.6 | 4.6 |
| Weighted Average | 4.7 | 4.8 |
| Lowest | 3.0 | 3.5 |

In addition, there was one syndicated loan in our portfolio that was not rated by an NRSRO as of December 31, 2014 and September 30, 2014 and it represented 2.1% and 2.6%, respectively, of the principal balance of all debt investments in our portfolio. For the periods ended December 31, 2014 and September 30, 2014 the syndicated loan had a risk rating of 4.

Tax Status***Federal Income Taxes***

We intend to continue to maintain our qualification as a RIC under Subchapter M of the Code for federal income tax purposes. As a RIC, we are not subject to federal income tax on the portion of our taxable income and gains that we distribute to our stockholders. To maintain our qualification as a RIC, we must meet certain source-of-income and asset diversification requirements. In addition, in order to qualify to be taxed as a RIC, we must also meet certain annual stockholder distribution requirements. To satisfy the RIC annual distribution requirement, we must distribute to stockholders at least 90.0% of our investment company taxable income, as defined by the Code. Our policy generally is to make distributions to our stockholders in an amount up to 100.0% of our investment company taxable income.

In an effort to limit certain federal excise taxes imposed on RICs, we currently intend to distribute to our stockholders, during each calendar year, an amount at least equal to the sum of: (1) 98.0% of our ordinary income for the calendar year, (2) 98.2% of our capital gain net income for the one-year period ending on October 31 of the calendar year, and (3) any ordinary income and capital gain net income from preceding years that were not distributed during such years. Under the RIC Modernization Act (the RIC Act), we are permitted to carry forward capital losses incurred in taxable years beginning after September 30, 2011, for an unlimited period. However, any losses incurred during those future taxable years will be required to be utilized prior to the losses incurred in pre-enactment taxable years, which carry an expiration date. As a result of this ordering rule, pre-enactment capital loss

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carryforwards may be more likely to expire unused. Additionally, post-enactment capital loss carryforwards will retain their character as either short-term or long-term capital losses rather than being considered all short-term as permitted under the previous regulation.

Revenue Recognition***Interest Income Recognition***

Interest income, adjusted for amortization of premiums, acquisition costs, and amendment fees and the accretion of original issue discounts (OID), is recorded on the accrual basis to the extent that such amounts are expected to be collected. Generally, when a loan becomes 90 days or more past due, or if our qualitative assessment indicates that the debtor is unable to service its debt or other obligations, we will place the loan on non-accrual status and cease recognizing interest income on that loan for financial reporting purposes until the borrower has demonstrated the ability and intent to pay contractual amounts due. However, we remain contractually entitled to this interest. Interest payments received on non-accrual loans may be recognized as income or applied to the cost basis, depending upon management's judgment. Generally, non-accrual loans are restored to accrual status when past due principal and interest are paid and, in management's judgment, are likely to remain current, or, due to a restructuring, the interest income is deemed to be collectible. As of December 31, 2014, two portfolio companies were on non-accrual status with an aggregate debt cost basis of approximately \$33.6 million, or 9.4% of the cost basis of all debt investments in our portfolio, and an aggregate debt fair value of approximately \$8.3 million, or 2.8% of the fair value of all debt investments in our portfolio. As of September 30, 2014, three portfolio companies were on non-accrual status with an aggregate debt cost basis of approximately \$51.4 million, or 16.1% of the cost basis of all debt investments in our portfolio, and an aggregate debt fair value of approximately \$13.2 million, or 5.2% of the fair value of all debt investments in our portfolio.

We currently hold, and we expect to hold in the future, some loans in our portfolio that contain OID or PIK provisions. We recognize OID for loans originally issued at discounts and recognize the income over the life of the obligation based on an effective yield calculation. PIK interest, computed at the contractual rate specified in a loan agreement, is added to the principal balance of a loan and recorded as income over the life of the obligation. Therefore, the actual collection of PIK income may be deferred until the time of debt principal repayment. To maintain our ability to be taxed as a RIC, we may need to pay out both of our OID and PIK non-cash income amounts in the form of distributions, even though we have not yet collected the cash on either.

As of December 31 and September 30, 2014, we had 20 and 17 original OID loans, respectively, primarily from the syndicated investments in our portfolio. We recorded OID income of \$63 and \$61 for the three months ended December 31, 2014 and 2013, respectively. The unamortized balance of OID investments as of December 31 and September 30, 2014, totaled \$1.0 million and \$0.6 million, respectively. As of December 31 and September 30, 2014, we had two and three investments which had a PIK interest component. We recorded PIK income of \$67 and \$92 for the three months ended December 31, 2014 and 2013, respectively. We collected \$0.2 million and \$0 PIK interest in cash in each of the three months ended December 31, 2014 and 2013, respectively.

Other Income Recognition

We generally record success fees upon receipt of cash. Success fees are contractually due upon a change of control in a portfolio company, typically from an exit or sale. We received an aggregate of \$0.9 million in success fees during the three months ended December 31, 2014, which resulted from \$0.6 million related to the early payoff of NAAS at a realized gain and \$0.3 million prepayment of success fees by FDF. We received \$0.2 million in success fees during the three months ended December 31, 2013 related to our sale of substantially all of the assets in Lindmark and the

ensuing pay down of our debt investments at par in September 2013.

Dividend income on equity investments is accrued to the extent that such amounts are expected to be collected and if we have the option to collect such amounts in cash. During the three months ended December 31, 2014, we recorded an aggregate of \$0.1 million of dividend income, net of return of capital cost basis adjustments, which resulted from our preferred equity investment in FDF. We did not record any dividend income during the three months ended December 31, 2013.

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Success fees and dividend income are recorded in other income in our accompanying *Condensed Consolidated Statements of Operations*.

Recent Accounting Pronouncements

See Note 2 *Summary of Significant Accounting Policies* in the accompanying notes to our *Condensed Consolidated Financial Statements* included elsewhere in this report for a description and our adoption of recent accounting pronouncements.

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SALES OF COMMON STOCK BELOW NET ASSET VALUE

At our 2015 annual stockholders meeting, our stockholders approved our ability to sell or otherwise issue shares of our common stock at a price below the then current net asset value, or NAV, per common share during a one year period, which we refer to as the Stockholder Approval, beginning on February 12, 2015, and expiring on the first anniversary of such date. We intend to seek similar stockholder approval at our 2016 annual stockholders meeting. To sell shares of common stock pursuant to this authorization, no further authorization from our stockholders will be solicited but the number of common shares issued and sold pursuant to such authority cannot exceed 25% of our then outstanding common stock immediately prior to such sale and a majority of our directors who have no financial interest in the sale and a majority of our independent directors must (i) find that the sale is in our best interests and in the best interests of our stockholders and (ii) in consultation with any underwriter or underwriters of the offering, make a good faith determination as of a time either immediately prior to the first solicitation by us or on our behalf of firm commitments to purchase such shares of common stock, or immediately prior to the issuance of such common stock, that the price at which such shares of common stock are to be sold is not less than a price which closely approximates the market value of those shares of common stock, less any distributing commission or discount.

Any offering of common stock below its NAV per share will be designed to raise capital for investment in accordance with our investment objectives.

In making a determination that an offering of common stock below its NAV per share is in our and our stockholders best interests, our Board of Directors will consider a variety of factors including:

the effect that an offering below NAV per common share would have on our common stockholders, including the potential dilution they would experience as a result of the offering;

the amount per common share by which the offering price per share and the net proceeds per share are less than our most recently determined NAV per common share;

the relationship of recent market prices of common stock to NAV per share and the potential impact of the offering on the market price per share of our common stock;

whether the estimated offering price would closely approximate the market value of shares of our common stock;

the potential market impact of being able to raise capital during financial market difficulties;

the nature of any new investors anticipated to acquire shares of our common stock in the offering;

the anticipated rate of return on and quality, type and availability of investments; and

the leverage available to us.

Our Board of Directors will also consider the fact that sales of shares of common stock at a discount will benefit the Adviser as the Adviser will earn additional investment management fees on the proceeds of such offerings, as it would from the offering of any other of our securities or from the offering of common stock at a premium to NAV per share.

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PLAN OF DISTRIBUTION

Upon written instructions from the Company, KeyBanc Capital Markets Inc. and Cantor Fitzgerald & Co., as applicable, will each use its commercially reasonable efforts consistent with its sales and trading practices to sell, as our sales agent, the common stock under the terms and subject to the conditions set forth in each Sales Agent's Sales Agreement. We will instruct each Sales Agent as to the amount of common stock to be sold by such Sales Agent; provided, however, that, subject to the terms of the Sales Agreements, any sales of common stock pursuant to the Sales Agreements will only be effected by or through only one of KeyBanc Capital Markets Inc. or Cantor Fitzgerald & Co. on any single given day, but in no event by more than one Sales Agent. We may instruct the Sales Agents not to sell common stock if the sales cannot be effected at or above the price designated by the Company in any instruction. We or the Sales Agents may suspend the offering of shares of common stock upon proper notice and subject to other conditions.

Sales of our common stock, if any, under this prospectus supplement and the accompanying prospectus may be made by means of ordinary brokers' transactions on the NASDAQ or that otherwise qualify for delivery of a prospectus to the NASDAQ in accordance with Rule 153 under the Securities Act, at market prices prevailing at the time of sale, at prices related to prevailing market prices or negotiated transactions or as otherwise agreed with each Sales Agent.

Each Sales Agent will provide written confirmation of a sale to us no later than the opening of the trading day on the NASDAQ following each trading day in which shares of our common stock are sold under the applicable Sales Agreement. Each confirmation will include the number of shares of common stock sold on the preceding day, the net proceeds to us and the compensation payable by us to the applicable Sales Agent in connection with the sales.

Each Sales Agent will receive from us a commission to be negotiated from time to time but in no event in excess of 2.0% of the gross sales price of all shares of common stock sold through it as Sales Agent under the applicable Sales Agreement. We estimate that the total expenses for the offering, excluding compensation payable to the Sales Agents under the terms of the Sales Agreement, will be approximately \$100,000, which includes our legal, accounting and printing costs and various other fees associated with the offering. Additionally, we have agreed to reimburse the Sales Agents for their reasonable out-of-pocket expenses, including the fees and disbursements of one counsel incurred by the Sales Agents in connection with this offering up to an aggregate amount of \$150,000 if shares of our common stock in this offering having an aggregate offering price of \$25,000,000 or more have not been offered and sold collectively under the Sales Agreements by the eighteen-month anniversary of the date of the Sales Agreements (or such earlier date at which we terminate such agreements).

Settlement for sales of shares of common stock will occur on the third trading day following the date on which such sales are made, or on some other date that is agreed upon by the Company and the applicable Sales Agent in connection with a particular transaction, in return for payment of the net proceeds to the Company. There is no arrangement for funds to be received in an escrow, trust or similar arrangement.

In connection with the sale of the common stock on our behalf, each Sales Agent may be deemed to be an underwriter within the meaning of the Securities Act, and the compensation of such Sales Agent may be deemed to be underwriting commissions or discounts. We have agreed to provide indemnification and contribution to each Sales Agent against certain civil liabilities, including liabilities under the Securities Act.

The offering of our shares of common stock pursuant to the Sales Agreements will terminate upon the earlier of (i) the sale of all common stock subject to the Sales Agreements or (ii) the termination of the Sales Agreements in accordance with their terms. Each Sales Agreement may be terminated by us in our sole discretion under the circumstances specified in the Sales Agreement by giving five days notice to the applicable Sales Agent. In addition,

each Sales Agent may terminate its Sales Agreement under the circumstances specified in such Sales Agreement by giving five days notice to the Company.

The Sales Agents and their respective affiliates may perform commercial banking, investment banking and advisory services for us or our affiliates from time to time for which they have received customary fees and expenses. The Sales Agents and their respective affiliates may, from time to time, engage in transactions with and perform services for us or our affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Sales Agents and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our

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affiliates. The Sales Agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The principal business address of KeyBanc Capital Markets Inc. is 127 Public Square, 4th Floor, Cleveland, Ohio 44114 and the principal business address of Cantor Fitzgerald & Co. is 499 Park Avenue, New York, New York 10022.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Bass, Berry & Sims PLC, Nashville, Tennessee. Certain matters of Maryland law, including the validity of the common stock to be issued in connection with this offering, will be passed upon for us by Venable LLP, Baltimore, Maryland. The Sales Agents are being represented in connection with this offering by Troutman Saunders LLP. Bass, Berry & Sims PLC and Troutman Sanders LLP may rely as to certain matters of Maryland law upon the opinion of Venable LLP.

EXPERTS

The financial statements as of September 30, 2014 and September 30, 2013 and for each of the three years in the period ended September 30, 2014 and management's assessment of the effectiveness of internal control over financial reporting (which is included in the Report of Management on Internal Controls) as of September 30, 2014 included in the accompanying prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and are required to file reports, proxy statements and other information with the SEC. These documents may be inspected and copied for a fee at the SEC's public reference room, 100 F Street, N.E., Washington, D.C. 20549.

This prospectus supplement and the accompanying prospectus do not contain all of the information in our registration statement, including amendments, exhibits and schedules. Statements in this prospectus supplement and in the accompanying prospectus about the contents of any contract or other document are not necessarily complete and, in each instance, reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference.

Additional information about the Company may be found in our registration statement on Form N-2 (including the related amendments, exhibits and schedules thereto) filed with the SEC. The SEC maintains a web site (<http://www.sec.gov>) that contains our registration statement, other documents incorporated by reference in the registration statement and other information that we have filed electronically with the SEC, including proxy statements and reports filed under the Exchange Act.

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(unaudited)

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GLADSTONE CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

| | December 31, 2014 | September 30, 2014 |
|---|----------------------|-----------------------|
| ASSETS | | |
| Investments at fair value: | | |
| Non-Control/Non-Affiliate investments (Cost of \$283,539 and \$225,845, respectively) | \$ 249,107 | \$ 198,926 |
| Affiliate investments (Cost of \$60,275 and \$61,281, respectively) | 55,747 | 57,006 |
| Control investments (Cost of \$42,046 and \$62,159, respectively) | 21,770 | 25,354 |
| Total investments at fair value (Cost of \$385,860 and \$349,285, respectively) | 326,624 | 281,286 |
| Cash and cash equivalents | 6,380 | 6,314 |
| Restricted cash and cash equivalents | 974 | 675 |
| Interest receivable | 3,583 | 2,767 |
| Due from custodian | 1,999 | 6,022 |
| Deferred financing fees | 3,039 | 3,340 |
| Other assets | 1,382 | 1,025 |
| TOTAL ASSETS | \$ 343,981 | \$ 301,429 |
| LIABILITIES | | |
| Borrowings at fair value (Cost of \$83,500 and \$36,700, respectively) | \$ 84,078 | \$ 38,013 |
| Mandatorily redeemable preferred stock, \$0.001 par value per share, \$25 liquidation preference per share; 4,000,000 shares authorized and 2,440,000 shares issued and outstanding | 61,000 | 61,000 |
| Accounts payable and accrued expenses | 590 | 462 |
| Interest payable | 207 | 146 |
| Fees due to Adviser ^(A) | 1,470 | 875 |
| Fee due to Administrator ^(A) | 281 | 218 |
| Other liabilities | 774 | 1,055 |
| TOTAL LIABILITIES | \$ 148,400 | \$ 101,769 |
| Commitments and contingencies ^(B) | | |
| NET ASSETS | | |
| Common stock, \$0.001 par value per share, 46,000,000 shares authorized and 21,000,160 shares issued and outstanding | \$ 21 | \$ 21 |

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| | | |
|--|-------------------|------------|
| Capital in excess of par value | 292,859 | 307,348 |
| Note receivable from employee ^(A) | (100) | (100) |
| Cumulative net unrealized depreciation of investments | (59,236) | (67,999) |
| Cumulative net unrealized appreciation of other | (639) | (1,374) |
| Overdistributed net investment income | (3,873) | (1,928) |
| Accumulated net realized losses | (33,451) | (36,308) |
| TOTAL NET ASSETS | \$ 195,581 | \$ 199,660 |
| NET ASSET VALUE PER COMMON SHARE AT END OF PERIOD | \$ 9.31 | \$ 9.51 |

(A) Refer to Note 4 *Related Party Transactions* for additional information.

(B) Refer to Note 10 *Commitments and Contingencies* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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Table of Contents**GLADSTONE CAPITAL CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)****(UNAUDITED)**

| | Three Months Ended December 31, | |
|---|--|--------------|
| | 2014 | 2013 |
| INVESTMENT INCOME | | |
| Interest income | | |
| Non-Control/Non-Affiliate investments | \$ 6,343 | \$ 6,399 |
| Affiliate investments | 1,121 | 219 |
| Control investments | 182 | 1,569 |
| Other | 2 | 4 |
| Total interest income | 7,648 | 8,191 |
| Other income | | |
| Non-Control/Non-Affiliate investments | 1,078 | 1 |
| Affiliate investments | | |
| Control investments | | 200 |
| Total other income | 1,078 | 201 |
| Total investment income | 8,726 | 8,392 |
| EXPENSES | | |
| Base management fee ^(A) | 1,597 | 1,456 |
| Loan servicing fee ^(A) | 832 | 884 |
| Incentive fee ^(A) | 922 | 974 |
| Administration fee ^(A) | 281 | 203 |
| Interest expense on borrowings | 678 | 615 |
| Dividend expense on mandatorily redeemable preferred stock | 1,029 | 686 |
| Amortization of deferred financing fees | 302 | 315 |
| Professional fees | 374 | 290 |
| Other general and administrative expenses | 264 | 321 |
| Expenses before credits from Adviser | 6,279 | 5,744 |
| Credit to base management fee - loan servicing fee ^(A) | (832) | (884) |
| Credits to fees from Adviser - other ^(A) | (412) | (878) |
| Total expenses, net of credits | 5,035 | 3,982 |
| NET INVESTMENT INCOME | 3,691 | 4,410 |

| NET REALIZED AND UNREALIZED (LOSS) GAIN | | |
|---|-------------------|------------------|
| Net realized (loss) gain: | | |
| Non-Control/Non-Affiliate investments | 1,578 | |
| Control investments | (14,459) | (10,732) |
| Escrows | 23 | (42) |
| Total net realized loss | (12,858) | (10,774) |
| Net unrealized appreciation (depreciation): | | |
| Non-Control/Non-Affiliate investments | (7,513) | 2,094 |
| Affiliate investments | (252) | (155) |
| Control investments | 16,528 | 14,938 |
| Other | 735 | (7) |
| Total net unrealized appreciation | 9,498 | 16,870 |
| Net realized and unrealized (loss) gain | (3,360) | 6,096 |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS | | |
| | \$ 331 | \$ 10,506 |
| BASIC AND DILUTED PER COMMON SHARE: | | |
| Net investment income | \$ 0.18 | \$ 0.21 |
| Net increase in net assets resulting from operations | \$ 0.02 | \$ 0.50 |
| Distributions declared and paid | \$ 0.21 | \$ 0.21 |
| WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING: Basic and Diluted | | |
| | 21,000,160 | 21,000,160 |

^(A) Refer to Note 4 *Related Party Transactions* for additional information.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

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GLADSTONE CAPITAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(IN THOUSANDS)
(UNAUDITED)

| | Three Months Ended December 31, | |
|--|--|----------------|
| | 2014 | 2013 |
| OPERATIONS | | |
| Net investment income | \$ 3,691 | \$ 4,410 |
| Net realized loss on investments | (12,858) | (10,774) |
| Net unrealized appreciation of investments | 8,763 | 16,877 |
| Net unrealized depreciation (appreciation) of other | 735 | (7) |
| Net increase in net assets resulting from operations | 331 | 10,506 |
| DISTRIBUTIONS | | |
| Distributions to common stockholders | (4,410) | (4,410) |
| NET (DECREASE) INCREASE IN NET ASSETS | (4,079) | 6,096 |
| NET ASSETS, BEGINNING OF PERIOD | 199,660 | 205,992 |

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BAS Broadcasting In March 2014, we sold our investment in BAS Broadcasting (BAS) for net proceeds of \$4.7 million, which resulted in a realized loss of \$2.8 million recorded in the three months ended March 31, 2014.

Southern Petroleum Laboratories, Inc. In August 2014, we invested \$8.8 million in Southern Petroleum Laboratories, Inc. (SPL) through a combination of senior subordinated term debt and equity. SPL, headquartered in Houston, TX, provides the oil and gas production industry with independent lab, measurement and field meter services and well production allocation services.

Syndicated Investments

We held a total of 16 and 18 syndicate loans with an aggregate fair value of \$59.5 million and \$60.6 million, or 21.1% and 23.6% of our total investment portfolio, as of September 30, 2014 and 2013, respectively. During the year ended September 30, 2014, we invested in five new syndicated investments for a combined \$11.0 million. Additionally, we had seven syndicated investments pay off early at par, for which we received principal payments of \$15.7 million and prepayment fees of \$0.3 million in the aggregate during the year ended September 30, 2014.

Investment Concentrations

As of September 30, 2014, we had loans in 45 portfolio companies located in 20 states in 17 different industries, with an aggregate fair value of \$281.3 million. The five largest investments at fair value as of September 30, 2014 totaled \$94.3 million, or 33.5% of our total investment portfolio, as compared to the five largest investments at fair value as of September 30, 2013 totaling \$96.0 million, or 37.4% of our total investment portfolio. As of September 30, 2014, our average investment by obligor was \$7.8 million at cost, compared to \$7.1 million at cost as of September 30, 2013.

The following table outlines our investments by security type at September 30, 2014 and 2013:

| | September 30, 2014 | | | | September 30, 2013 | | | |
|---------------------------------|--------------------|---------------|-------------------|---------------|--------------------|---------------|-------------------|---------------|
| | Cost | | Fair Value | | Cost | | Fair Value | |
| Senior debt | \$ 168,023 | 48.1% | \$ 118,414 | 42.1% | \$ 184,146 | 55.4% | \$ 118,134 | 46.0% |
| Senior subordinated debt | 151,782 | 43.5 | 135,887 | 48.3 | 129,013 | 38.8 | 126,675 | 49.3 |
| Junior subordinated debt | | | | | 494 | 0.2 | 561 | 0.2 |
| Total debt investments | 319,805 | 91.6 | 254,301 | 90.4 | 313,653 | 94.4 | 245,370 | 95.5 |
| Preferred equity | 21,496 | 6.1 | 13,478 | 4.8 | 12,268 | 3.7 | 4,626 | 1.8 |
| Common equity/equivalents | 7,984 | 2.3 | 13,507 | 4.8 | 6,345 | 1.9 | 6,882 | 2.7 |
| Total equity investments | 29,480 | 8.4 | 26,985 | 9.6 | 18,613 | 5.6 | 11,508 | 4.5 |
| Total Investments | \$ 349,285 | 100.0% | \$ 281,286 | 100.0% | \$ 332,266 | 100.0% | \$ 256,878 | 100.0% |

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Our investments at fair value consisted of the following industry classifications at September 30, 2014 and 2013:

| Industry Classification | September 30, 2014 | | September 30, 2013 | |
|---|--------------------|---------------------------------|--------------------|---------------------------------|
| | Fair Value | Percentage of Total Investments | Fair Value | Percentage of Total Investments |
| Healthcare, education and childcare | \$ 47,538 | 16.9% | \$ 45,339 | 17.7% |
| Oil and gas | 42,831 | 15.2 | 15,174 | 5.9 |
| Personal and non-durable consumer products | 30,157 | 10.7 | 29,032 | 11.3 |
| Diversified/conglomerate manufacturing | 27,634 | 9.8 | 4,482 | 1.7 |
| Electronics | 24,811 | 8.8 | 33,711 | 13.1 |
| Printing and publishing | 23,999 | 8.5 | 22,224 | 8.7 |
| Automobile | 19,489 | 6.9 | 9,701 | 3.8 |
| Cargo Transportation | 12,838 | 4.6 | 12,984 | 5.1 |
| Textiles and leather | 8,171 | 2.9 | 8,476 | 3.3 |
| Diversified natural resources, precious metals and minerals | 7,176 | 2.6 | | |
| Aerospace and defense | 6,920 | 2.5 | 11,730 | 4.6 |
| Buildings and real estate | 6,617 | 2.4 | 6,392 | 2.5 |
| Broadcast and entertainment | 6,386 | 2.3 | 15,534 | 6.0 |
| Beverage, food and tobacco | 6,235 | 2.2 | 7,038 | 2.7 |
| Mining, steel, iron and non-precious metals | 4,455 | 1.6 | 17,733 | 6.9 |
| Other, < 2.0% | 4,205 | 1.5 | 10,903 | 4.2 |
| Machinery | 1,824 | 0.6 | 6,425 | 2.5 |
| Total Investments | \$ 281,286 | 100.0% | \$ 256,878 | 100.0% |

Our investments at fair value were included in the following U.S. geographic regions at September 30, 2014 and 2013:

| Geographic Region | September 30, 2014 | | September 30, 2013 | |
|--------------------------|--------------------|---------------------------------|--------------------|---------------------------------|
| | Fair Value | Percentage of Total Investments | Fair Value | Percentage of Total Investments |
| Midwest | \$ 107,387 | 38.2% | \$ 118,570 | 46.2% |
| South | 92,355 | 32.8 | 68,669 | 26.7 |
| West | 80,744 | 28.7 | 61,737 | 24.0 |
| Northeast | 800 | 0.3 | 7,902 | 3.1 |
| Total Investments | \$ 281,286 | 100.0% | \$ 256,878 | 100.0% |

The geographic region indicates the location of the headquarters for our portfolio companies. A portfolio company may have a number of other business locations in other geographic regions.

Investment Principal Repayment

The following table summarizes the contractual principal repayment and maturity of our investment portfolio by fiscal year, assuming no voluntary prepayments, at September 30, 2014:

| Year Ending September 30, | Amount |
|---------------------------|-----------|
| 2015 | \$ 81,074 |
| 2016 | 77,460 |

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| | |
|--|-------------------|
| 2017 | 12,431 |
| 2018 | 51,422 |
| 2019 | 51,182 |
| Thereafter | 47,499 |
| Total contractual repayments | \$ 321,068 |
| Equity investments | 29,480 |
| Adjustments to cost basis on debt investments | (1,263) |
| Investment Portfolio as of September 30, 2014, at Cost: | \$ 349,285 |

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Table of Contents*Receivables from Portfolio Companies*

Receivables from portfolio companies represent non-recurring costs incurred on behalf of such portfolio companies and are included in other assets on our accompanying *Consolidated Statements of Assets and Liabilities*. As of September 30, 2014 and 2013, we had gross receivables from portfolio companies of \$0.4 million and \$0.7 million, respectively. The allowance for uncollectible receivables was and \$0.1 million at both September 30, 2014 and 2013. In addition, as of September 30, 2014 and 2013, we recorded an allowance for uncollectible interest receivables of \$0.4 million and \$0, respectively, which is reflected in interest receivable on our accompanying *Consolidated Statements of Assets and Liabilities*. We generally maintain an allowance for uncollectible receivables from portfolio companies when the receivable balance becomes 90 days or more past due or if it is determined based upon management's judgment that the portfolio company is unable to pay its obligations.

NOTE 4. RELATED PARTY TRANSACTIONS*Investment Advisory and Management Agreement*

In accordance with the Advisory Agreement, we pay the Adviser certain fees as compensation for its services, such fees consisting of a base management fee, loan servicing fee and an incentive fee. The Adviser is controlled by our chairman and chief executive officer. On July 15, 2014, our Board of Directors, including a majority of the directors who are not parties to the agreement or interest persons of any such party, approved the annual renewal of the Advisory Agreement through August 31, 2015. The following table summarizes the base management fees, loan servicing fees, incentive fees and associated credits reflected in our accompanying *Consolidated Statements of Operations*:

| | Year Ended September 30, | | |
|--|--------------------------|------------|------------|
| | 2014 | 2013 | 2012 |
| Average total assets subject to base management fee ^(A) | \$ 293,200 | \$ 281,100 | \$ 308,250 |
| Multiplied by annual base management fee of 2.0% | 2.0% | 2.0% | 2.0% |
| Base management fee^(B) | 5,864 | 5,622 | 6,165 |
| Portfolio company fee credit ^(C) | (797) | (324) | (342) |
| Senior syndicated loan fee waiver ^(D) | (117) | (183) | (428) |
| Net Base Management Fee | \$ 4,950 | \$ 5,115 | \$ 5,395 |
| Loan servicing fee^(B) | 3,503 | 3,656 | 3,604 |
| Credit to base management fee - loan servicing fee ^(B) | (3,503) | (3,656) | (3,604) |
| Net Loan Servicing Fee | \$ | \$ | \$ |
| Incentive fee^(B) | \$ 4,297 | \$ 4,343 | \$ 4,691 |
| Incentive fee credit ^(E) | (1,180) | (1,014) | (278) |
| Net Incentive Fee | \$ 3,117 | \$ 3,329 | \$ 4,413 |
| Portfolio company fee credit ^(C) | \$ (797) | \$ (324) | \$ (342) |
| Senior syndicated loan fee waiver ^(D) | (117) | (183) | (428) |
| Incentive fee credit ^(E) | (1,180) | (1,014) | (278) |
| Credit to Fees from Adviser - Other^(B) | \$ (2,094) | \$ (1,521) | \$ (1,048) |

^(A) Average total assets subject to the base management fee is defined as total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings, valued at the end of the applicable quarters within the respective periods and adjusted appropriately for any share issuances or repurchases during the periods.

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- (B) Reflected, on a gross basis, as a line item, on our accompanying *Consolidated Statements of Operations*.
- (C) Pursuant to the requirements of the 1940 Act, the Adviser makes available significant managerial assistance to our portfolio companies. The Adviser may also provide other services to our portfolio companies under other agreements and may receive fees for services other than managerial assistance. We generally credit 100.0% of these fees against the base management fee that we would otherwise be required to pay to the Adviser; however, pursuant to the terms of the Advisory Agreement, a small percentage of certain of such fees is retained by the Adviser.
- (D) Our Board of Directors accepted an unconditional and irrevocable voluntary waiver from the Adviser to reduce the annual 2.0% base management fee on senior syndicated loan participations to 0.5%, to the extent that proceeds resulting from borrowings were used to purchase such senior syndicated loan participations, for the years ended September 30, 2014, 2013 and 2012.
- (E) Our Board of Directors accepted an unconditional and irrevocable voluntary waiver from the Adviser to reduce the income-based incentive fee to the extent net investment income did not 100.0% cover distributions to common stockholders for the years ended September 30, 2014, 2013 and 2012.

Base Management Fee

The base management fee is computed and generally payable quarterly to the Adviser and is assessed at an annual rate of 2.0%, computed on the basis of the value of our average total assets at the end of the two most recently-completed quarters

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(inclusive of the current quarter), which are total assets, including investments made with proceeds of borrowings, less any uninvested cash or cash equivalents resulting from borrowings. The base management fee is then adjusted by certain credits from the Adviser as explained in the notes to the table above.

Additionally, the Adviser services, administers and collects on the loans held by Business Loan, in return for which the Adviser receives a 2% annual fee payable monthly by Business Loan based on the monthly aggregate balance of loans held by Business Loan in accordance with our revolving line of credit. All loan servicing fees are credited back to us by the Adviser. Overall, the base management fee due to the Adviser cannot exceed 2% of total assets (as reduced by cash and cash equivalents pledged to creditors) during any given fiscal year.

Incentive Fee

The incentive fee consists of two parts: an income-based incentive fee and a capital gains incentive fee. The income-based incentive fee rewards the Adviser if our quarterly net investment income (before giving effect to any incentive fee) exceeds 1.75% of our net assets (the hurdle rate). The income-based incentive fee with respect to our pre-incentive fee net investment income is generally payable quarterly to the Adviser and is computed as follows:

no incentive fee in any calendar quarter in which our pre-incentive fee net investment income does not exceed the hurdle rate (7.0% annualized);

100.0% of our pre-incentive fee net investment income with respect to that portion of such pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than 2.1875% in any calendar quarter (8.75% annualized); and

20.0% of the amount of our pre-incentive fee net investment income, if any, that exceeds 2.1875% in any calendar quarter (8.75% annualized).

Our Board of Directors accepted an unconditional and irrevocable voluntary waiver from the Adviser to reduce the income-based incentive fee to the extent net investment income did not 100.0% cover distributions to common stockholders for the years ended September 30, 2014, 2013 and 2012.

The second part of the incentive fee is a capital gains-based incentive fee that will be determined and payable in arrears as of the end of each fiscal year (or upon termination of the Advisory Agreement, as of the termination date) and equals 20.0% of our realized capital gains as of the end of the fiscal year. In determining the capital gains-based incentive fee payable to the Adviser, we calculate the cumulative aggregate realized capital gains and cumulative aggregate realized capital losses since our inception, and the entire portfolio's aggregate net unrealized capital depreciation, if any, as of the date of the calculation. For this purpose, cumulative aggregate realized capital gains, if any, equals the sum of the differences between the net sales price of each investment, when sold, and the original cost of such investment since our inception. Cumulative aggregate realized capital losses equals the sum of the amounts by which the net sales price of each investment, when sold, is less than the original cost of such investment since our inception. The entire portfolio's aggregate net unrealized capital depreciation, if any, equals the sum of the difference, between the valuation of each investment as of the applicable calculation date and the original cost of such investment. At the end of the applicable fiscal year, the amount of capital gains that serves as the basis for our calculation of the capital gains-based incentive fee equals the cumulative aggregate realized capital gains less cumulative aggregate realized capital losses, less the entire portfolio's aggregate net unrealized capital depreciation, if any. If this number is positive at the end of such year, then the capital gains-based incentive fee for such year equals 20.0% of such amount, less the aggregate amount of any capital gains-based incentive fees paid in respect of our portfolio in all prior years. No capital gains-based incentive fee has been recorded since our inception through September 30, 2014, as cumulative net unrealized capital depreciation has exceeded cumulative realized capital gains net of cumulative realized capital losses.

Additionally, in accordance with GAAP, a capital gains-based incentive fee accrual is calculated using the aggregate cumulative realized capital gains and losses and aggregate cumulative unrealized capital depreciation included in the calculation of the capital gains-based incentive fee plus the aggregate cumulative unrealized capital appreciation. If such amount is positive at the end of a period, then GAAP requires us to record a capital gains-based incentive fee equal to 20.0% of such amount, less the aggregate amount of actual capital gains-based incentive fees paid in all prior years. If such amount is negative, then there is no accrual for such fiscal year. GAAP requires that the capital gains-based incentive fee accrual consider the cumulative aggregate unrealized capital appreciation in the calculation, as a capital gains-based incentive fee would be payable if such unrealized capital appreciation were realized. There can be no assurance that such unrealized capital appreciation will be realized in the future. There has been no GAAP accrual recorded for a capital gains-based incentive fee since our inception through September 30, 2014.

Table of Contents*Administration Agreement*

The Administration Agreement provides for payments equal to our allocable portion of the Administrator's expenses incurred while performing services to us, which are primarily rent and the salaries and benefits expenses of the Administrator's employees, including, but not limited to, the chief financial officer, treasurer, chief compliance officer, and general counsel and secretary (who also serves as the Administrator's president). Prior to July 1, 2014, our allocable portion of the expenses were derived by multiplying that portion of the Administrator's expenses allocable to all funds managed by the Adviser by the percentage of our total assets at the beginning of each quarter in comparison to the total assets at the beginning of each quarter of all funds managed by the Adviser.

Effective July 1, 2014, our allocable portion of the Administrator's expenses are derived by multiplying the Administrator's total expenses by the approximate percentage of time during the current quarter the Administrator's employees performed services for us in relation to their time spent performing services for all companies serviced by the Administrator under contractual agreements. These administrative fees are accrued at the end of the quarter when the services are performed and recorded on our accompanying *Consolidated Statements of Operations* and generally paid the following quarter to the Administrator. On July 15, 2014, our Board of Directors approved the annual renewal of the Administration Agreement through August 31, 2015.

Related Party Fees Due

Amounts due to related parties on our accompanying *Consolidated Statements of Assets and Liabilities* were as follows:

| | As of September 30, | |
|-------------------------------------|---------------------|-----------------|
| | 2014 | 2013 |
| Base management fee due to Adviser | \$ 604 | \$ 529 |
| Incentive fee due to Adviser | 271 | 1,177 |
| Total fees due to Adviser | 875 | 1,706 |
| Fee due to Administrator | 218 | 126 |
| Total Related Party Fees Due | \$ 1,093 | \$ 1,832 |

Other operating expenses due to the Adviser as of September 30, 2014 and 2013, totaled \$20 and \$18, respectively. In addition, other co-investment expenses due to Gladstone Investment totaled \$41 and \$0.2 million for the years ended September 30, 2014 and 2013, respectively. These expenses were paid in full subsequent to each fiscal year end and have been included in other liabilities on the accompanying *Consolidated Statements of Assets and Liabilities* as of September 30, 2014 and 2013.

Notes Receivable from Former Employees

We have, from time to time, held promissory notes from certain of our former employees, who are now employees of the Adviser. The notes were for the exercise of options granted under our Amended and Restated 2001 Equity Incentive Plan, which has since been terminated. The notes require the quarterly payment of interest at the market rate in effect at the date of issuance, have varying terms not exceeding ten years and have been recorded as a reduction of net assets. The notes are evidenced by full recourse notes that are due upon maturity or 60 days following termination of employment with the Adviser, and the shares of common stock purchased with the proceeds of the notes were posted as collateral. We received \$0.1 million and \$2.8 million in aggregated principal repayments during the years ended September 30, 2014 and 2013, respectively. We recognized interest income from all employee notes of an aggregated \$14, \$0.1 million and \$0.3 million for the years ended September 30, 2014, 2013 and 2012, respectively.

The following table is a summary of all outstanding notes issued to employees of the Adviser of September 30, 2014 and 2013:

| Issue Date | Original Amount of | Outstanding Balance on Employee Note As of | Maturity Date | Interest Rate |
|------------|--------------------|--|---------------|---------------|
|------------|--------------------|--|---------------|---------------|

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| | Employee Note | September 30, | | | on Note |
|--------|--------------------------|----------------------|-------------|--------|--------------------|
| | | 2014 | 2013 | | |
| Jul-06 | \$ 275 ^(A) | \$ 100 | \$ 175 | Jul-15 | 8.26% |

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(A) On September 7, 2010, we entered into a redemption agreements (the Redemption Agreement) with Laura Gladstone, a Managing Director of the Adviser and the daughter of Mr. Gladstone, in connection with the maturity of secured promissory notes executed by Ms. Gladstone on July 13, 2006, in the principal amount of \$0.3 million (the Note). Ms. Gladstone originally executed the Notes to facilitate her payment of the exercise price of certain stock options (the Options) to acquire shares of our common stock. Concurrently with the execution of the Note, we, together with Ms. Gladstone entered into a stock pledge agreement (the Pledge Agreement), pursuant to which Ms. Gladstone granted to us a first priority security interest in the Pledged Collateral (as defined in the respective Pledge Agreements), which included 18,334 shares of our common stock that Ms. Gladstone acquired pursuant to the exercise of the Options (collectively, the Pledged Shares). The Redemption Agreement provides that, pursuant to the terms and conditions thereof, we will automatically accept and retire the Pledged Shares in partial or full satisfaction, as applicable, of Ms. Gladstone's obligations to us under the Notes at such time, if ever, that the trading price of our common stock reaches \$15 per share. In entering into the Redemption Agreement, we reserved all of our existing rights under the Note and the Pledge Agreement, including, but not limited to, the ability to foreclose on the Pledged Collateral at any time. During the years ended September 30, 2014 and 2013, Ms. Gladstone paid down \$75 and \$0.1 million, respectively, of the principal of her Note, leaving a principal balance of \$0.1 million and \$0.2 million outstanding as of September 30, 2014 and September 30, 2013, respectively. In connection with Ms. Gladstone's pay downs of principal, we have not released any of our first priority security interests on her Pledged Shares.

In accordance with ASC 505, *Equity*, receivables from employees for the issuance of capital stock to employees prior to the receipt of cash payment should be reflected in the balance sheet as a reduction to stockholders' equity. Therefore, our remaining note totaling \$0.1 million and \$0.2 million as of September 30, 2014 and 2013, respectively, was recorded as a note receivable from employee and is included in the net assets section of our accompanying *Consolidated Statements of Assets and Liabilities*. As of September 30, 2014, we determined that this note was still full recourse.

NOTE 5. BORROWINGS*Revolving Credit Facility*

On April 26, 2013, we, through our wholly-owned subsidiary, Business Loan, entered into Amendment No. 6 to the fourth amended and restated credit agreement (our Credit Facility) to extend the revolving period end date for one year to January 19, 2016. Our \$137.0 million revolving Credit Facility was arranged by Key Equipment Finance Inc. (effective January 1, 2014, now known as Key Equipment Finance, a division of KeyBank National Association) (Key Equipment) as administrative agent. Keybank National Association (Keybank), Branch Banking and Trust Company and ING Capital LLC also joined our Credit Facility as committed lenders. Subject to certain terms and conditions, our Credit Facility may be expanded from \$137.0 to a maximum of \$237.0 million through the addition of other committed lenders to the facility. The interest rates on advances under our Credit Facility generally bear interest at a 30-day LIBOR plus 3.75% per annum, with a commitment fee of 0.5% per annum on undrawn amounts when our facility is drawn more than 50.0% and 1.0% per annum on undrawn amounts when our facility is drawn less than 50.0%. If our Credit Facility is not renewed or extended by January 19, 2016, all principal and interest will be due and payable on or before November 30, 2016. Prior to the April 26, 2013 amendment, on January 29, 2013, we, through Business Loan, amended our Credit Facility to remove the LIBOR minimum of 1.5% on advances. We incurred fees of \$0.6 million in January 2013 and \$0.7 million in April 2013 in connection with these amendments, which are being amortized through our Credit Facility's revolver period end date of January 19, 2016. All other terms of our Credit Facility remained generally unchanged at the time of these amendments.

The following tables summarize noteworthy information related to our Credit Facility (at cost) as of September 30, 2014 and 2013 and during the years ended September 30, 2014, 2013 and 2012.

| | As of September 30, | |
|------------------------|---------------------|------------|
| | 2014 | 2013 |
| Commitment amount | \$ 137,000 | \$ 137,000 |
| Borrowings outstanding | 36,700 | 46,900 |
| Availability | 57,500 | 60,880 |

| | Year Ended September 30, | | |
|---|--------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| Weighted average borrowings outstanding | \$ 41,866 | \$ 53,207 | \$ 72,192 |
| Weighted average interest rate ^(A) | 6.3% | 6.0% | 6.1% |
| Commitment (unused) fees incurred | \$ 959 | \$ 853 | \$ 520 |

^(A) Excludes the impact of deferred financing fees and includes the weighted average unused commitment fees.

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Interest is payable monthly during the term of our Credit Facility. Available borrowings are subject to various constraints imposed under our Credit Facility, based on the aggregate loan balance pledged by Business Loan, which varies as loans are added and repaid, regardless of whether such repayments are prepayments or made as contractually required.

Our Credit Facility requires that any interest or principal payments on pledged loans be remitted directly by the borrower into a lockbox account with Key Equipment as custodian. Key Equipment, who also serves as the trustee of the account, remits the collected funds to us monthly.

Our Credit Facility contains covenants that require Business Loan to maintain its status as a separate legal entity, prohibit certain significant corporate transactions (such as mergers, consolidations, liquidations or dissolutions), and restrict material changes to our credit and collection policies without the lenders' consents. Our Credit Facility also generally limits payments of distributions to our stockholders to our aggregate net investment income for each of the twelve month periods ending September 30, 2014, 2015 and 2016. Business Loan is subject to certain limitations on the type of loan investments it can apply as collateral towards the borrowing base in order to receive additional borrowing availability under our Credit Facility, including restrictions on geographic concentrations, sector concentrations, loan size, interest rate type, payment frequency and status, average life and lien property. Our Credit Facility further requires Business Loan to comply with other financial and operational covenants, which obligate Business Loan to, among other things, maintain certain financial ratios, including asset and interest coverage and a minimum number of 20 obligors required in the borrowing base. Additionally, we are subject to a performance guaranty that requires us to maintain (i) a minimum net worth (defined in our Credit Facility to include our mandatorily redeemable preferred stock) of \$190.0 million plus 50.0% of all equity and subordinated debt raised after January 19, 2012, which equates to \$220.5 million as of September 30, 2014, (ii) asset coverage with respect to senior securities representing indebtedness and senior securities that are stock, (our Senior Securities), of at least 200.0%, in accordance with Section 18, as modified by Section 61, of the 1940 Act and (iii) our status as a BDC under the 1940 Act and as a RIC under the Code. As of September 30, 2014, and as defined in the performance guaranty of our Credit Facility, we had a net worth of \$260.7 million, an asset coverage of 305.4% and an active status as a BDC and RIC. In addition, we had 29 obligors in the borrowing base of our Credit Facility as of September 30, 2014. As of September 30, 2014, we were in compliance with all of the facility covenants.

On July 15, 2013, we, through Business Loan, entered into an interest rate cap agreement with Keybank, effective July 9, 2013 and expiring January 19, 2016, for a notional amount of \$35.0 million that effectively limits the interest rate on a portion of our borrowings under the terms of our Credit Facility. The one month LIBOR cap is set at 5.0%. We incurred a premium fee of \$62 in conjunction with this agreement, which is recorded in other assets on our accompanying *Consolidated Statements of Assets and Liabilities*. As of September 30, 2014 and 2013, the fair value of our interest rate cap agreement was \$0 and \$4, respectively.

Fair Value

We elected to apply the fair value option of ASC 825, *Financial Instruments*, specifically for our Credit Facility, which was consistent with our application of ASC 820 to our investments. Generally, the fair value of our Credit Facility is determined using a yield analysis which includes a DCF calculation and also takes into account the Valuation Team's own assumptions, including, but not limited to, the estimated remaining life, counterparty credit risk, current market yield and interest rate spreads of similar securities as of the measurement date. As of September 30, 2014 and 2013, the discount rate used to determine the fair value of our Credit Facility was 4.0% and 4.3%, respectively. Generally, an increase or decrease in the discount rate used in the DCF calculation, may result in a corresponding increase or decrease, respectively, in the fair value of our Credit Facility. As of September 30, 2014 and 2013, our Credit Facility was valued using Level 3 inputs and any changes in its fair value are recorded in net unrealized depreciation (appreciation) of other on our accompanying *Consolidated Statements of Operations*.

The following tables present our Credit Facility carried at fair value as of September 30, 2014 and 2013, on our accompanying *Consolidated Statements of Assets and Liabilities* for Level 3 of the hierarchy established by ASC 820 and the changes in fair value of our Credit Facility during the years ended September 30, 2014 and 2013:

**Total Recurring Fair
Value Measurement
Reported in
*Consolidated
Statements of Assets
and Liabilities* Using
Significant
Unobservable Inputs
(Level 3) As of
September 30,**

| | 2014 | 2013 |
|------------------------|------------------|------------------|
| Credit Facility | \$ 38,013 | \$ 47,102 |

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| | Year Ended September 30, | |
|---|-----------------------------|------------------|
| | 2014 | 2013 |
| Fair value as of September 30, 2013 and 2012, respectively | \$ 47,102 | \$ 62,451 |
| Borrowings | 108,800 | 84,800 |
| Repayments | (119,000) | (96,700) |
| Net unrealized appreciation (depreciation) ^(A) | 1,111 | (3,449) |
| Fair Value as of September 30, 2014 and 2013, respectively | \$ 38,013 | \$ 47,102 |

^(A) Included in net unrealized appreciation (depreciation) of other on our accompanying *Consolidated Statements of Assets and Liabilities* for the years ended September 30, 2014 and 2013.

The fair value of the collateral under our Credit Facility was approximately \$222.0 million and \$229.3 million in aggregate as of September 30, 2014 and 2013, respectively.

NOTE 6. MANDATORILY REDEEMABLE PREFERRED STOCK

In May 2014, we completed a public offering of approximately 2.4 million shares of 6.75% Series 2021 Term Preferred Stock, par value \$0.001 per share (Series 2021 Term Preferred Stock), at a public offering price of \$25.00 per share. Gross proceeds totaled \$61.0 million and net proceeds, after deducting underwriting discounts, commissions and offering expenses borne by us, were approximately \$58.5 million, a portion of which was used to voluntarily redeem all 1.5 million outstanding shares of our then existing 7.125% Series 2016 Term Preferred Stock, par value \$0.001 per share (Series 2016 Term Preferred Stock) and the remainder was used to repay a portion of outstanding borrowings under our Credit Facility. In connection with the voluntary redemption of our Series 2016 Term Preferred Stock, we recognized a realized loss on extinguishment of debt of \$1.3 million, which has been reflected on our accompanying *Consolidated Statement of Operations* and which is primarily comprised of the unamortized deferred issuance costs at the time of redemption.

We incurred approximately \$2.5 million in total offering costs related to the issuance of our Series 2021 Term Preferred Stock, which are recorded as deferred financing fees on our accompanying *Consolidated Statements of Assets and Liabilities* and are being amortized over the redemption period ending June 30, 2021. The shares of our Series 2021 Term Preferred Stock have a mandatory redemption date of June 30, 2021, and are traded under the ticker symbol GLADO on the NASDAQ Global Select Market. Our Series 2021 Term Preferred Stock is not convertible into our common stock or any other security and provides for a fixed dividend equal to 6.75% per year, payable monthly (which equates in total to approximately \$4.1 million per year). We are required to redeem all of the outstanding Series 2021 Term Preferred Stock on June 30, 2021 for cash at a redemption price equal to \$25.00 per share plus an amount equal to all unpaid dividends and distributions on such share accumulated to (but excluding) the date of redemption (the Redemption Price). We may additionally be required to mandatorily redeem some or all of the shares of our Series 2021 Term Preferred Stock early, at the Redemption Price, in the event of the following: (1) upon the occurrence of certain events that would constitute a change in control of us, we would be required to redeem all of the outstanding Series 2021 Term Preferred Stock and (2) if we fail to maintain an asset coverage ratio of at least 200.0% and do not take steps to cure such asset coverage amount within a specified period of time. We may also voluntarily redeem all or a portion of the Series 2021 Term Preferred Stock at our option at the Redemption Price in order to have an asset coverage ratio of up to and including 240.0% and, at any time on or after June 30, 2017. If we fail to redeem our Series 2021 Term Preferred Stock pursuant to the mandatory redemption required on June 30, 2021, or in any other circumstance in which we are required to mandatorily redeem our Series 2021 Term Preferred Stock, then the fixed dividend rate will increase by 4.0% for so long as such failure continues. As of September 30, 2014, we have not redeemed any of our outstanding Series 2021 Term Preferred Stock.

In November 2011, we completed a public offering of approximately 1.5 million shares of our Series 2016 Term Preferred Stock, at a public offering price of \$25.00 per share. Gross proceeds totaled \$38.5 million and net proceeds, after deducting underwriting discounts, commissions and offering expenses borne by us, were \$36.4 million, a portion of which was used to repay a portion of outstanding borrowings under our Credit Facility. We incurred \$2.1 million in total offering costs related to these transactions, which were recorded as deferred financing fees on our accompanying *Consolidated Statements of Assets and Liabilities* and were amortized over the redemption period ending December 31, 2016. In May 2014, when we voluntarily redeemed our Series 2016 Term Preferred Stock, the remaining unamortized costs were fully written off as

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part of the realized loss on extinguishment of debt discussed above. Our Series 2016 Term Preferred Stock provided for a fixed dividend equal to 7.125% per year, payable monthly (which equated in total to approximately \$2.7 million per year). The shares of our Series 2016 Term Preferred were traded under the ticker symbol of GLADP on the NASDAQ Global Select Market. In connection with the voluntary redemption, shares of our Series 2016 Term Preferred Stock were removed from listing on May 22, 2014.

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We paid the following monthly distributions on our Series 2016 Term Preferred Stock for the years ended September 30, 2014 and 2013, respectively:

| Fiscal Year | Declaration Date | Record Date | Payment Date | Distribution per Series 2016 Term Preferred Share |
|--------------------|--------------------------------|--------------------|-----------------------------|--|
| 2014 | October 8, 2013 | October 22, 2013 | October 31, 2013 | \$ 0.14843750 |
| | October 8, 2013 | November 14, 2013 | November 29, 2013 | 0.14843750 |
| | October 8, 2013 | December 16, 2013 | December 31, 2013 | 0.14843750 |
| | January 7, 2014 | January 22, 2014 | January 31, 2014 | 0.14843750 |
| | January 7, 2014 | February 19, 2014 | February 28, 2014 | 0.14843750 |
| | January 7, 2014 | March 17, 2014 | March 31, 2014 | 0.14843750 |
| | April 8, 2014 | April 21, 2014 | April 30, 2014 | 0.14843750 |
| | April 8, 2014 | May 20, 2014 | May 23, 2014 ^(A) | 0.14843750 |
| | Fiscal Year 2014 Total: | | | |
| 2013 | October 10, 2012 | October 22, 2012 | October 31, 2012 | \$ 0.14843750 |
| | October 10, 2012 | November 19, 2012 | November 30, 2012 | 0.14843750 |
| | October 10, 2012 | December 19, 2012 | December 31, 2012 | |