

Clear Channel Outdoor Holdings, Inc.
Form 10-Q
July 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED June 30, 2015

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number

001 32663

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

86-0812139

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

200 East Basse Road, Suite 100

78209

Delaware

86-0812139 1

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San Antonio, Texas

(Zip Code)

(Address of principal executive offices)

(210) 832-3700

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 28, 2015
----- Class A Common Stock, \$.01 par value	----- 46,381,597
Class B Common Stock, \$.01 par value	315,000,000

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEETS
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND
SUBSIDIARIES**

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<i>(In thousands)</i>	June 30, 2015 (Unaudited)	December 31, 2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 129,883	\$ 186,204
Accounts receivable, net of allowance of \$22,978 in 2015 and \$24,308 in 2014	711,862	697,811
Prepaid expenses	143,492	134,041
Other current assets	70,493	61,893
Total Current Assets	1,055,730	1,079,949
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,542,361	1,614,199
Other property, plant and equipment, net	267,586	291,452
INTANGIBLE ASSETS AND GOODWILL		
Indefinite-lived intangibles	1,065,978	1,066,748
Other intangibles, net	382,840	412,064
Goodwill	807,460	817,112
OTHER ASSETS		
Due from iHeartCommunications	936,931	947,806
Other assets	129,472	133,081
Total Assets	\$ 6,188,358	\$ 6,362,411
CURRENT LIABILITIES		
Accounts payable	\$ 69,678	\$ 75,915
Accrued expenses	464,325	543,818
Deferred income	132,555	94,635
Current portion of long-term debt	2,573	3,461
Total Current Liabilities	669,131	717,829
Long-term debt	4,927,997	4,930,468
Deferred tax liability	618,071	620,255
Other long-term liabilities	236,504	234,800
Commitments and Contingent liabilities (Note 4)		
SHAREHOLDERS' DEFICIT		
Noncontrolling interest	182,773	203,334
Preferred stock, \$.01 par value, 150,000,000 shares authorized, no shares issued and outstanding	-	-
Class A common stock, \$.01 par value, 750,000,000 shares authorized, 46,598,129 and 45,231,282 shares issued in 2015 and 2014, respectively	466	452
Class B common stock, \$.01 par value, 600,000,000 shares authorized, 315,000,000 shares issued and outstanding	3,150	3,150
Additional paid-in capital	4,174,654	4,167,233
Accumulated deficit	(4,204,673)	(4,172,565)
Accumulated other comprehensive loss	(417,644)	(341,353)
Cost of shares (229,943 in 2015 and 140,702 in 2014) held in treasury	(2,071)	(1,192)
Total Shareholders' Deficit	(263,345)	(140,941)
Total Liabilities and Shareholders' Deficit	\$ 6,188,358	\$ 6,362,411

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

(UNAUDITED)

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue	\$ 722,819	\$ 781,205	\$ 1,337,862	\$ 1,416,456
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	372,342	413,144	735,313	794,657
Selling, general and administrative expenses (excludes depreciation and amortization)	132,522	140,271	259,652	273,221
Corporate expenses (excludes depreciation and amortization)	30,154	33,333	58,907	64,030
Depreciation and amortization	93,405	98,726	187,499	197,467
Other operating income (expense), net	659	247	(4,785)	2,901
Operating income	95,055	95,978	91,706	89,982
Interest expense	88,556	88,212	177,972	177,473
Interest income on Due from iHeartCommunications	15,049	15,227	30,302	29,900
Equity in earnings (loss) of nonconsolidated affiliates	(351)	327	171	(409)
Other income, net	15,276	11,983	35,214	13,880
Income (loss) before income taxes	36,473	35,303	(20,579)	(44,120)
Income tax benefit (expense)	(27,187)	24,820	(3,088)	7,875
Consolidated net income (loss)	9,286	60,123	(23,667)	(36,245)
Less amount attributable to noncontrolling interest	7,876	9,086	8,441	9,588
Net income (loss) attributable to the Company	\$ 1,410	\$ 51,037	\$ (32,108)	\$ (45,833)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	2,900	(12,025)	(78,587)	(16,562)
Unrealized holding gain (loss) on marketable securities	(133)	(405)	689	679
Other adjustments to comprehensive income (loss)	-	-	(1,154)	-
Other comprehensive income (loss)	2,767	(12,430)	(79,052)	(15,883)
Comprehensive income (loss)	4,177	38,607	(111,160)	(61,716)
Less amount attributable to noncontrolling interest	(5,060)	(554)	(2,761)	(3,451)

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Comprehensive income (loss) attributable to the Company	\$	9,237	\$	39,161	\$	(108,399)	\$	(58,265)
Net income (loss) attributable to the Company per common share:								
Basic	\$	0.00	\$	0.14	\$	(0.09)	\$	(0.13)
Weighted average common shares outstanding – Basic		359,538		358,453		359,317		358,425
Diluted	\$	0.00	\$	0.14	\$	(0.09)	\$	(0.13)
Weighted average common shares outstanding – Diluted		361,063		359,832		359,317		358,425
Dividends declared per share	\$	-	\$	-	\$	-	\$	-

See Notes to Consolidated Financial Statements

**CONSOLIDATED STATEMENTS OF CASH FLOWS
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**

(UNAUDITED)

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<i>(In thousands)</i>	Six Months Ended June 30,	
	2015	2014
Cash flows from operating activities:		
Consolidated net loss	\$ (23,667)	\$ (36,245)
Reconciling items:		
Depreciation and amortization	187,499	197,467
Deferred taxes	6,311	(27,723)
Provision for doubtful accounts	5,144	4,143
Share-based compensation	3,729	4,250
Gain on sale of operating and fixed assets	(2,602)	(2,901)
Amortization of deferred financing charges and note discounts, net	4,344	4,325
Other reconciling items, net	(35,777)	(14,212)
Changes in operating assets and liabilities, net of effects of acquisitions		
and dispositions:		
Increase in accounts receivable	(40,921)	(33,857)
Decrease in accrued expenses	(59,485)	(30,071)
Decrease in accounts payable	(2,539)	(18,495)
Increase in deferred income	40,740	43,277
Changes in other operating assets and liabilities	(28,317)	(9,432)
Net cash provided by operating activities	54,459	80,526
Cash flows from investing activities:		
Purchases of property, plant and equipment	(90,033)	(92,967)
Proceeds from disposal of assets	2,129	6,888
Purchases of other operating assets	(853)	(175)
Change in other, net	(1,036)	(1,305)
Net cash used for investing activities	(89,793)	(87,559)
Cash flows from financing activities:		
Draws on credit facilities	-	820
Payments on credit facilities	(2,638)	(1,675)
Payments on long-term debt	(27)	(23)
Net transfers (to) from iHeartCommunications	10,875	(71,045)
Dividends and other payments to noncontrolling interests	(28,099)	(9,673)
Change in other, net	2,825	695
Net cash used for financing activities	(17,064)	(80,901)
Effect of exchange rate changes on cash	(3,923)	(637)
Net decrease in cash and cash equivalents	(56,321)	(88,571)
Cash and cash equivalents at beginning of period	186,204	314,545
Cash and cash equivalents at end of period	\$ 129,883	\$ 225,974
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	174,631	176,217
Cash paid for income taxes	19,217	16,823

See Notes to Consolidated Financial Statements

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION

Preparation of Interim Financial Statements

The accompanying consolidated financial statements were prepared by Clear Channel Outdoor Holdings, Inc. (the “Company”) pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, in the opinion of management, include all normal and recurring adjustments necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods may not be indicative of results for the full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s 2014 Annual Report on Form 10-K. All references in this Quarterly Report on Form 10-Q to “we,” “us” and “our” refer to the Company and its consolidated subsidiaries. Our reportable segments are Americas outdoor advertising (“Americas”) and International outdoor advertising (“International”).

The consolidated financial statements include the accounts of the Company and its subsidiaries and give effect to allocations of expenses from the Company’s indirect parent entity, iHeartCommunications, Inc. (“iHeartCommunications”). These allocations were made on a specifically identifiable basis or using relative percentages of headcount or other methods management considered to be a reasonable reflection of the utilization of services provided. Also included in the consolidated financial statements are entities for which the Company has a controlling financial interest or is the primary beneficiary. Investments in companies in which the Company owns 20% to 50% of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions are eliminated in the consolidation process. Certain prior-period amounts have been reclassified to conform to the 2015 presentation.

During the first quarter of 2015, and in connection with the appointment of a new chief executive officer for the Company and a new chief executive officer for Americas, the Company reevaluated its segment reporting and determined that its Latin American operations should be managed by its Americas leadership team. As a result, the operations of Latin America are no longer reflected within the Company’s International segment and are included in the results of its Americas segment. Accordingly, the Company has recast the corresponding segment disclosures for prior periods to include Latin America within the Americas segment.

New Accounting Pronouncements

(UNAUDITED)

During the first quarter of 2015, the Company adopted the Financial Accounting Standards Board's ("FASB") ASU No. 2014-08, *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360), Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. This update provides guidance for the recognition, measurement and disclosure of discontinued operations. The update is effective for annual periods beginning on or after 15 December 2014 and interim periods within those years. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

During the first quarter of 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810), Amendments to the Consolidation Analysis*. This new standard eliminates the deferral of FAS 167, which has allowed entities with interest in certain investment funds to follow the previous consolidation guidance in FIN 46(R), and makes other changes to both the variable interest model and the voting model. The standard is effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2015. The Company is currently evaluating the impact of the provisions of this new standard on its financial position and results of operations.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(UNAUDITED)

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL**Property, Plant and Equipment**

The Company's property, plant and equipment consisted of the following classes of assets as of June 30, 2015 and December 31, 2014, respectively.

<i>(In thousands)</i>	June 30, 2015	December 31, 2014
Land, buildings and improvements	\$ 198,076	\$ 198,280
Structures	3,005,159	2,999,582
Furniture and other equipment	149,387	152,084
Construction in progress	61,070	75,469
	3,413,692	3,425,415
Less: accumulated depreciation	1,603,745	1,519,764
Property, plant and equipment, net	\$ 1,809,947	\$ 1,905,651

Indefinite-lived Intangible Assets

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

Other Intangible Assets

Other intangible assets include definite-lived intangible assets and permanent easements. The Company's definite-lived intangible assets consist primarily of transit and street furniture contracts, site-leases and other contractual rights, all of which are amortized over the shorter of either the respective lives of the agreements or over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows. Permanent easements are indefinite-lived intangible assets which include certain rights to use real property not owned by the Company. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived intangible assets. These assets are recorded at cost.

The following table presents the gross carrying amount and accumulated amortization for each major class of other intangible assets as of June 30, 2015 and December 31, 2014, respectively:

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(In thousands)

	June 30, 2015		December 31, 2014	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Transit, street furniture and other outdoor				
contractual rights	\$ 675,465	\$ (465,228)	\$ 716,722	\$ (476,523)
Permanent easements	171,641	-	171,272	-
Other	2,826	(1,864)	2,912	(2,319)
Total	\$ 849,932	\$ (467,092)	\$ 890,906	\$ (478,842)

Total amortization expense related to definite-lived intangible assets for the three months ended June 30, 2015 and 2014 was \$12.5 million and \$17.0 million, respectively. Total amortization expense related to definite-lived intangible assets for the six months ended June 30, 2015 and 2014 was \$27.2 million and \$34.1 million, respectively.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)**

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

(In thousands)

2016	\$ 37,978
2017	29,948
2018	25,108
2019	16,192
2020	13,438

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

<i>(In thousands)</i>	Americas	International	Consolidated
Balance as of December 31, 2013	\$ 585,227	\$ 264,907	\$ 850,134
Foreign currency	(653)	(32,369)	(33,022)
Balance as of December 31, 2014	\$ 584,574	\$ 232,538	\$ 817,112
Foreign currency	(312)	(9,340)	(9,652)
Balance as of June 30, 2015	\$ 584,262	\$ 223,198	\$ 807,460

NOTE 3 – LONG-TERM DEBT

Long-term debt outstanding as of June 30, 2015 and December 31, 2014 consisted of the following:

<i>(In thousands)</i>	June 30, 2015	December 31, 2014
Clear Channel Worldwide Holdings Senior Notes:		
6.5% Series A Senior Notes Due 2022	\$ 735,750	\$ 735,750
6.5% Series B Senior Notes Due 2022	1,989,250	1,989,250
Clear Channel Worldwide Holdings Senior Subordinated Notes:		
7.625% Series A Senior Subordinated Notes Due 2020	275,000	275,000
7.625% Series B Senior Subordinated Notes Due 2020	1,925,000	1,925,000
Senior revolving credit facility due 2018 ⁽¹⁾	-	-
Other debt	11,444	15,107
Original issue discount	(5,874)	(6,178)
Total debt	\$ 4,930,570	\$ 4,933,929
Less: current portion	2,573	3,461
Total long-term debt	\$ 4,927,997	\$ 4,930,468

(UNAUDITED)

- (1) The Senior revolving credit facility provides for borrowings up to \$75.0 million (the revolving credit commitment).

The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately \$5.1 billion at both June 30, 2015 and December 31, 2014. Under the fair value hierarchy established by ASC 820-10-35, the market value of the Company's debt is classified as Level 1.

Surety Bonds, Letters of Credit and Guarantees

As of June 30, 2015, the Company had \$56.3 million and \$54.2 million in letters of credit and bank guarantees outstanding, respectively. Bank guarantees of \$13.2 million were backed by cash collateral. Additionally, as of June 30, 2015, iHeartCommunications had outstanding commercial standby letters of credit and surety bonds of \$1.2 million and \$56.1 million,

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

respectively, held on behalf of the Company. These letters of credit, bank guarantees and surety bonds relate to various operational matters, including insurance, bid and performance bonds, as well as other items.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued an estimate of the probable costs for the resolution of those claims for which the occurrence of loss is probable and the amount can be reasonably estimated. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings. Additionally, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's financial condition or results of operations.

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

Los Angeles Litigation

In 2008, Summit Media, LLC, one of the Company's competitors, sued the City of Los Angeles (the "City"), Clear Channel Outdoor, Inc. ("CCOI") and OUTFRONT Media Inc. (formerly CBS Outdoor Americas Inc.) in Los Angeles Superior Court (Case No. BS116611) challenging the validity of a settlement agreement that had been entered into in November 2006 among the parties and pursuant to which CCOI had taken down existing billboards and converted 83 existing signs from static displays to digital displays. In 2009, the Los Angeles Superior Court ruled that the settlement agreement constituted an ultra vires act of the City, and nullified its existence. After further proceedings, on April 12, 2013, the Los Angeles Superior Court invalidated 82 digital modernization permits issued to CCOI (77 of which displays were operating at the time of the ruling) and CCOI was required to turn off the electrical power to all affected digital displays on April 15, 2013. The digital display structures remain intact but digital displays are currently prohibited in the City. CCOI is seeking permits under the existing City sign code to either wrap the LED faces with vinyl or convert the LED faces to traditional static signs, and has obtained a number of such permits. CCOI is also pursuing a new ordinance to permit digital signage in the City.

(UNAUDITED)

International Outdoor Investigation

On April 21, 2015, inspections were conducted at the premises of the Company in Denmark and Sweden as part of an investigation by Danish competition authorities. Additionally, on the same day; Clear Channel UK received a communication from the UK competition authorities, also in connection with the investigation by Danish competition authorities. The Company and its affiliates are cooperating with the national competition authorities.

NOTE 5 — RELATED PARTY TRANSACTIONS

The Company records net amounts due from or to iHeartCommunications as “Due from/to iHeartCommunications” on the consolidated balance sheets. The accounts represent the revolving promissory note issued by the Company to iHeartCommunications and the revolving promissory note issued by iHeartCommunications to the Company in the face amount of \$1.0 billion, or if more or less than such amount, the aggregate unpaid principal amount of all advances. The accounts accrue interest pursuant to the terms of the promissory notes and are generally payable on demand or when they mature on December 15, 2017.

Included in the accounts are the net activities resulting from day-to-day cash management services provided by iHeartCommunications. As a part of these services, the Company maintains collection bank accounts swept daily into accounts of iHeartCommunications (after satisfying the funding requirements of the Trustee Accounts under the CCWH Senior Notes and the CCWH Subordinated Notes). In return, iHeartCommunications funds the Company’s controlled disbursement accounts as checks or electronic payments are presented for payment. The Company’s claim in relation to cash transferred from its concentration account is on an unsecured basis and is limited to the balance of the “Due from iHeartCommunications” account.

As of June 30, 2015 and December 31, 2014, the asset recorded in “Due from iHeartCommunications” on the consolidated balance sheet was \$936.9 million and \$947.8 million, respectively. As of June 30, 2015, the fixed interest rate on the “Due from iHeartCommunications” account was 6.5%, which is equal to the fixed interest rate on the CCWH Senior Notes. The net interest

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

income for the three months ended June 30, 2015 and 2014 was \$15.0 million and \$15.2 million, respectively. The net interest income for the six months ended June 30, 2015 and 2014 was \$30.3 million and \$29.9 million, respectively.

The Company provides advertising space on its billboards for radio stations owned by iHeartCommunications. For the three months ended June 30, 2015 and 2014, the Company recorded \$1.1 million and \$1.1 million, respectively, in revenue for these advertisements. For the six months ended June 30, 2015 and 2014, the Company recorded \$2.2 million and \$2.1 million, respectively, in revenue for these advertisements.

Under the Corporate Services Agreement between iHeartCommunications and the Company, iHeartCommunications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) certain executive officer services; (iii) human resources and employee benefits services; (iv) legal and related services; (v) information systems, network and related services; (vi) investment services; (vii) procurement and sourcing support services; and (viii) other general corporate services. These services are charged to the Company based on actual direct costs incurred or allocated by iHeartCommunications based on headcount, revenue or other factors on a pro rata basis. For the three months ended June 30, 2015 and 2014, the Company recorded \$8.0 million and \$7.1 million, respectively, as a component of corporate expenses for these services. For the six months ended June 30, 2015 and 2014, the Company recorded \$15.9 million and \$16.3 million, respectively, as a component of corporate expenses for these services.

Pursuant to the Tax Matters Agreement between iHeartCommunications and the Company, the operations of the Company are included in a consolidated federal income tax return filed by iHeartCommunications. The Company's provision for income taxes has been computed on the basis that the Company files separate consolidated federal income tax returns with its subsidiaries. Tax payments are made to iHeartCommunications on the basis of the Company's separate taxable income. Tax benefits recognized on the Company's employee stock option exercises are retained by the Company.

The Company computes its deferred income tax provision using the liability method in accordance with the provisions of ASC 740-10, as if the Company was a separate taxpayer. Deferred tax assets and liabilities are determined based on differences between financial reporting basis and tax basis of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if the Company believes it is more likely than not some portion or all of the asset will not be realized.

(UNAUDITED)

Pursuant to the Employee Matters Agreement, the Company's employees participate in iHeartCommunications' employee benefit plans, including employee medical insurance and a 401(k) retirement benefit plan. For each of the three month periods ended June 30, 2015 and 2014, the Company recorded \$2.7 million, as a component of selling, general and administrative expenses for these services. For each of the six month periods ended June 30, 2015 and 2014, the Company recorded \$5.3 million, as a component of selling, general and administrative expenses for these services.

Stock Purchases

On August 9, 2010, iHeartCommunications announced that its board of directors approved a stock purchase program under which iHeartCommunications or its subsidiaries may purchase up to an aggregate of \$100 million of the Company's Class A common stock and/or the Class A common stock of iHeartMedia, Inc. ("iHeartMedia"). The stock purchase program did not have a fixed expiration date and could be modified, suspended or terminated at any time at iHeartCommunications' discretion. As of December 31, 2014, an aggregate \$34.2 million was available under this program. In January 2015, CC Finco, LLC ("CC Finco"), an indirect wholly-owned subsidiary of iHeartCommunications, purchased an additional 2,000,000 shares of the Company's Class A common stock for \$20.4 million. On April 2, 2015, CC Finco purchased an additional 2,172,946 shares of the Company's Class A common stock for \$22.2 million, increasing iHeartCommunications' collective holdings to represent slightly more than 90% of the outstanding shares of the Company's common stock on a fully-diluted basis, assuming the conversion of all of the Company's Class B common stock into Class A common stock. As a result of this purchase, the stock purchase program concluded. The purchase of shares in excess of the amount available under the stock purchase program was separately approved by the iHeartCommunications' board of directors.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(UNAUDITED)

NOTE 6 – INCOME TAXES**Income Tax Benefit (Expense)**

The Company's income tax benefit (expense) for the three and six months ended June 30, 2015 and 2014, respectively, consisted of the following components:

<i>(In thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Current tax benefit (expense)	\$ (25,613)	\$ 19,563	\$ 3,223	\$ (19,848)
Deferred tax benefit (expense)	(1,574)	5,257	(6,311)	27,723
Income tax benefit (expense)	\$ (27,187)	\$ 24,820	\$ (3,088)	\$ 7,875

The effective tax rates for the three and six months ended June 30, 2015 were 74.5% and (15.0)%, respectively. The effective rates were primarily impacted by the Company's uncertainty of an ability to recognize the future benefit of certain deferred tax assets that consists of current period net operating losses in U.S. federal, state and certain foreign jurisdictions. The Company has recorded a valuation allowance against these deferred tax assets as the reversing deferred tax liabilities and other sources of taxable income that may be available to realize the deferred tax assets was exceeded by the additional net operating losses in the current period.

The effective tax rates for the three and six months ended June 30, 2014 were (70.3)% and 17.8%, respectively. The effective rates were primarily impacted by the Company's inability to record tax benefits on tax losses in certain foreign jurisdictions due to the uncertainty of the ability to utilize those losses in future years. In addition, the effective tax rates were impacted by the timing and mix of earnings in the various jurisdictions in which the Company operates.

NOTE 7 – SHAREHOLDERS' EQUITY

The Company reports its noncontrolling interests in consolidated subsidiaries as a component of equity separate from the Company's equity. The following table shows the changes in shareholders' equity attributable to the Company and the noncontrolling interests of subsidiaries in which the Company has a majority, but not total, ownership interest:

<i>(In thousands)</i>	Noncontrolling		
	The Company	Interests	Consolidated
Balances as of January 1, 2015	\$ (344,275)	203,334	(140,941)
Net income (loss)	(32,108)	8,441	(23,667)
Dividends and other payments to noncontrolling interests	-	(28,099)	(28,099)
Foreign currency translation adjustments	(75,826)	(2,761)	(78,587)

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Unrealized holding gain on marketable securities	689	-	689
Other adjustments to comprehensive loss	(1,154)	-	(1,154)
Other, net	6,556	1,858	8,414
Balances as of June 30, 2015	\$ (446,118)	\$ 182,773	\$ (263,345)
Balances as of January 1, 2014	\$ (41,938)	\$ 202,046	\$ 160,108
Net income (loss)	(45,833)	9,588	(36,245)
Foreign currency translation adjustments	(13,111)	(3,451)	(16,562)
Unrealized holding gain on marketable securities	679	-	679
Other, net	4,991	(9,673)	(4,682)
Balances as of June 30, 2014	\$ (95,212)	\$ 198,510	\$ 103,298

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(UNAUDITED)

NOTE 8 — OTHER INFORMATION**Other Comprehensive Income (Loss)**

For the three months ended June 30, 2015 and 2014 the total increase (decrease) in deferred income tax liabilities of other comprehensive income (loss) related to pensions were \$0.0 million and \$0.0 million, respectively. For the six months ended June 30, 2015 and 2014 the total increase (decrease) in deferred income tax liabilities of other comprehensive income (loss) related to pensions were \$(0.6) million and \$0.0 million, respectively.

NOTE 9 – SEGMENT DATA

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

The following table presents the Company's reportable segment results for the three months ended June 30, 2015 and 2014:

<i>(In thousands)</i>	Americas Outdoor Advertising	International Outdoor Advertising	Corporate and other reconciling items	Consolidated
Three months ended June 30, 2015				
Revenue	\$ 341,286	\$ 381,533	\$ -	\$ 722,819
Direct operating expenses	149,712	222,630	-	372,342
Selling, general and administrative expenses	57,346	75,176	-	132,522
Corporate expenses	-	-	30,154	30,154
Depreciation and amortization	51,113	40,956	1,336	93,405
	-	-	659	659

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Other operating income, net				
Operating income (loss)	\$ 83,115	\$ 42,771	\$ (30,831)	\$ 95,055
Capital expenditures	\$ 15,664	\$ 31,752	\$ 802	\$ 48,218
Share-based compensation expense	\$ -	\$ -	\$ 1,804	\$ 1,804
Three months ended June 30, 2014				
Revenue	\$ 344,346	\$ 436,859	\$ -	\$ 781,205
Direct operating expenses	153,875	259,269	-	413,144
Selling, general and administrative expenses	58,448	81,823	-	140,271
Corporate expenses	-	-	33,333	33,333
Depreciation and amortization	49,848	47,889	989	98,726
Other operating income, net	-	-	247	247
Operating income (loss)	\$ 82,175	\$ 47,878	\$ (34,075)	\$ 95,978
Capital expenditures	\$ 21,683	\$ 31,776	\$ 880	\$ 54,339
Share-based compensation expense	\$ -	\$ -	\$ 2,240	\$ 2,240

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)**

During the first quarter of 2015, the Company revised its segment reporting, as discussed in Note 1. The following table presents the Company's reportable segment results for the six months ended June 30, 2015 and 2014:

<i>(In thousands)</i>	Americas Outdoor Advertising	International Outdoor Advertising	Corporate and other reconciling items	Consolidated
Six Months Ended June 30, 2015				
Revenue	\$ 637,149	\$ 700,713	\$ -	\$ 1,337,862
Direct operating expenses	295,946	439,367	-	735,313
Selling, general and administrative expenses	112,983	146,669	-	259,652
Corporate expenses	-	-	58,907	58,907
Depreciation and amortization	101,453	83,397	2,649	187,499
Other operating loss, net	-	-	(4,785)	(4,785)
Operating income (loss)	\$ 126,767	\$ 31,280	\$ (66,341)	\$ 91,706
Capital expenditures	\$ 32,359	\$ 56,857	\$ 817	\$ 90,033
Share-based compensation expense	\$ -	\$ -	\$ 3,729	\$ 3,729
Six Months Ended June 30, 2014				
Revenue	\$ 634,956	\$ 781,500	\$ -	\$ 1,416,456
Direct operating expenses	297,239	497,418	-	794,657
Selling, general and administrative expenses	114,817	158,404	-	273,221
Corporate expenses	-	-	64,030	64,030
Depreciation and amortization	99,559	96,220	1,688	197,467
Other operating income, net	-	-	2,901	2,901
Operating income (loss)	\$ 123,341	\$ 29,458	\$ (62,817)	\$ 89,982
Capital expenditures	\$ 38,127	\$ 52,638	\$ 2,202	\$ 92,967
Share-based compensation expense	\$ -	\$ -	\$ 4,250	\$ 4,250

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 10 – GUARANTOR SUBSIDIARIES

The Company and certain of the Company's direct and indirect wholly-owned domestic subsidiaries (the "Guarantor Subsidiaries") fully and unconditionally guarantee on a joint and several basis certain of the outstanding indebtedness of Clear Channel Worldwide Holdings, Inc. ("CCWH" or the "Subsidiary Issuer"). The following consolidating schedules present financial information on a combined basis in conformity with the SEC's Regulation S-X Rule 3-10(d):

(In thousands)

	June 30, 2015					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 905	\$ -	\$ -	\$ 138,473	\$ (9,495)	\$ 129,883
Accounts receivable, net of allowance	-	-	213,532	498,330	-	711,862
Intercompany receivables	-	249,683	1,711,541	9,208	(1,970,432)	-
Prepaid expenses	1,340	-	64,807	77,345	-	143,492
Other current assets	(485)	(451)	56,633	14,796	-	70,493
Total Current Assets	1,760	249,232	2,046,513	738,152	(1,979,927)	1,055,730
Structures, net	-	-	1,006,154	536,207	-	1,542,361
Other property, plant and equipment, net	-	-	154,366	113,220	-	267,586
Indefinite-lived intangibles	-	-	1,055,728	10,250	-	1,065,978
Other intangibles, net	-	-	313,943	68,897	-	382,840
Goodwill	-	-	571,932	235,528	-	807,460
Due from iHeartCommunications	936,931	-	-	-	-	936,931
Intercompany notes receivable	182,026	4,934,845	-	958	(5,117,829)	-
Other assets	178,516	766,569	1,227,842	49,676	(2,093,131)	129,472
Total Assets	\$ 1,299,233	\$ 5,950,646	\$ 6,376,478	\$ 1,752,888	\$ (9,190,887)	\$ 6,188,358
Accounts payable	\$ -	\$ -	\$ 17,522	\$ 61,651	\$ (9,495)	\$ 69,678
Intercompany payable	1,711,541	-	258,891	-	(1,970,432)	-
Accrued expenses	-	3,199	85,993	375,133	-	464,325
Deferred income	-	-	60,874	71,681	-	132,555
Current portion of long-term debt	-	-	60	2,513	-	2,573
Total Current Liabilities	1,711,541	3,199	423,340	510,978	(1,979,927)	669,131
Long-term debt	-	4,919,126	1,046	7,825	-	4,927,997
Intercompany notes payable	-	-	5,033,296	84,533	(5,117,829)	-
Deferred tax liability	772	1,367	610,419	5,513	-	618,071
Other long-term liabilities	-	-	129,799	106,705	-	236,504
Total shareholders' equity (deficit)	(413,080)	1,026,954	178,578	1,037,334	(2,093,131)	(263,345)

(UNAUDITED)

**Total Liabilities and
Shareholders'**

Equity	\$ 1,299,233	\$ 5,950,646	\$ 6,376,478	\$ 1,752,888	\$ (9,190,887)	\$ 6,188,358
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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

	December 31, 2014					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
<i>(In thousands)</i>						
Cash and cash equivalents	\$ 905	\$ -	\$ -	\$ 205,259	\$ (19,960)	\$ 186,204
Accounts receivable, net of allowance	-	-	202,771	495,040	-	697,811
Intercompany receivables	-	259,510	1,731,448	8,056	(1,999,014)	-
Prepaid expenses	1,299	-	64,922	67,820	-	134,041
Other current assets	-	6,850	21,485	33,558	-	61,893
Total Current Assets	2,204	266,360	2,020,626	809,733	(2,018,974)	1,079,949
Structures, net	-	-	1,049,684	564,515	-	1,614,199
Other property, plant and equipment, net	-	-	172,809	118,643	-	291,452
Indefinite-lived intangibles	-	-	1,055,728	11,020	-	1,066,748
Other intangibles, net	-	-	322,550	89,514	-	412,064
Goodwill	-	-	571,932	245,180	-	817,112
Due from iHeartCommunications	947,806	-	-	-	-	947,806
Intercompany notes receivable	182,026	4,927,517	-	-	(5,109,543)	-
Other assets	264,839	793,626	1,287,717	50,568	(2,263,669)	133,081
Total Assets	\$ 1,396,875	\$ 5,987,503	\$ 6,481,046	\$ 1,889,173	\$ (9,392,186)	\$ 6,362,411
Accounts payable	\$ -	\$ -	\$ 27,866	\$ 68,009	\$ (19,960)	\$ 75,915
Intercompany payable	1,731,448	-	267,566	-	(1,999,014)	-
Accrued expenses	467	3,475	103,243	436,633	-	543,818
Deferred income	-	-	44,363	50,272	-	94,635
Current portion of long-term debt	-	-	55	3,406	-	3,461
Total Current Liabilities	1,731,915	3,475	443,093	558,320	(2,018,974)	717,829
Long-term debt	-	4,918,822	1,077	10,569	-	4,930,468
Intercompany notes payable	-	-	5,035,279	74,264	(5,109,543)	-
Deferred tax liability	772	85	607,841	11,557	-	620,255
Other long-term liabilities	-	-	128,855	105,945	-	234,800
Total shareholders' equity (deficit)	(335,812)	1,065,121	264,901	1,128,518	(2,263,669)	(140,941)
Total Liabilities and Shareholders' Equity	\$ 1,396,875	\$ 5,987,503	\$ 6,481,046	\$ 1,889,173	\$ (9,392,186)	\$ 6,362,411

(UNAUDITED)

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

	Three Months Ended June 30, 2015					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$ -	\$ -	\$ 301,915	\$ 420,904	\$ -	\$ 722,819
Operating expenses:						
Direct operating expenses	-	-	126,404	245,938	-	372,342
Selling, general and administrative expenses	-	-	48,969	83,553	-	132,522
Corporate expenses	3,239	-	15,826	11,089	-	30,154
Depreciation and amortization	-	-	49,256	44,149	-	93,405
Other operating income (expense), net	(118)	-	(269)	1,046	-	659
Operating income (loss)	(3,357)	-	61,191	37,221	-	95,055
Interest (income) expense, net	6	88,081	410	59	-	88,556
Interest income on Due from iHeartCommunications	15,049	-	-	-	-	15,049
Intercompany interest income	4,024	85,113	15,227	-	(104,364)	-
Intercompany interest expense	15,049	-	89,137	178	(104,364)	-
Equity in earnings (loss) of nonconsolidated affiliates	24,634	20,877	12,851	(755)	(57,958)	(351)
Other income (expense), net	936	3,440	20,635	14,840	(24,575)	15,276
Income (loss) before income taxes	26,231	21,349	20,357	51,069	(82,533)	36,473
Income tax benefit (expense)	(246)	(9,577)	4,277	(21,641)	-	(27,187)
Consolidated net income (loss)	25,985	11,772	24,634	29,428	(82,533)	9,286
Less amount attributable to noncontrolling interest	-	-	-	7,876	-	7,876
Net income (loss) attributable to the Company	\$ 25,985	\$ 11,772	\$ 24,634	\$ 21,552	\$ (82,533)	\$ 1,410
Other comprehensive (loss), net of tax:						
Foreign currency translation adjustments	-	(3,440)	134	6,206	-	2,900
Unrealized holding gain on marketable securities	-	-	-	(133)	-	(133)
Other adjustments to comprehensive loss	-	-	-	-	-	-
Equity in subsidiary comprehensive income	7,827	10,981	7,693	-	(26,501)	-
Comprehensive loss	33,812	19,313	32,461	27,625	(109,034)	4,177
Less amount attributable to	-	-	-	(5,060)	-	(5,060)

(UNAUDITED)

noncontrolling interest
Comprehensive loss attributable

to the Company	\$ 33,812	\$ 19,313	\$ 32,461	\$ 32,685	\$ (109,034)	\$ 9,237
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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)***(In thousands)*

	Three Months Ended June 30, 2014					Consolidated
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	
Revenue	\$ -	\$ -	\$ 295,190	\$ 486,015	\$ -	\$ 781,205
Operating expenses:						
Direct operating expenses	-	-	123,377	289,767	-	413,144
Selling, general and administrative expenses	-	-	48,493	91,778	-	140,271
Corporate expenses	2,769	-	16,016	14,548	-	33,333
Depreciation and amortization	-	-	47,466	51,260	-	98,726
Other operating income (expense), net	(142)	-	814	(425)	-	247
Operating income (loss)	(2,911)	-	60,652	38,237	-	95,978
Interest (income) expense, net	(2)	88,069	430	(285)	-	88,212
Interest income on Due from iHeartCommunications	15,227	-	-	-	-	15,227
Intercompany interest income	3,883	85,210	15,437	-	(104,530)	-
Intercompany interest expense	15,227	-	89,093	210	(104,530)	-
Loss on marketable securities	-	-	-	-	-	-
Equity in earnings (loss) of nonconsolidated affiliates	48,365	27,708	27,500	(33)	(103,213)	327
Other income (expense), net	2,074	-	(307)	10,216	-	11,983
Income (loss) before income taxes	51,413	24,849	13,759	48,495	(103,213)	35,303
Income tax benefit (expense)	(376)	898	34,607	(10,309)	-	24,820
Consolidated net income (loss)	51,037	25,747	48,366	38,186	(103,213)	60,123
Less amount attributable to noncontrolling interest	-	-	-	9,086	-	9,086
Net income (loss) attributable to the Company	\$ 51,037	\$ 25,747	\$ 48,366	\$ 29,100	\$ (103,213)	\$ 51,037
Other comprehensive (loss), net of tax:						
Foreign currency translation adjustments	-	-	1,084	(13,109)	-	(12,025)
Unrealized holding gain on marketable securities	-	-	-	(405)	-	(405)
Other adjustments to comprehensive loss	-	-	-	-	-	-
Equity in subsidiary comprehensive income	(11,876)	(13,530)	(12,960)	-	38,366	-
Comprehensive loss	39,161	12,217	36,490	15,586	(64,847)	38,607

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Less amount attributable to

noncontrolling interest	-	-	-	(554)	-	(554)
Comprehensive loss attributable						
to the Company	\$ 39,161	\$ 12,217	\$ 36,490	\$ 16,140	\$ (64,847)	\$ 39,161

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

	Six Months Ended June 30, 2015					Consolidated
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	
(In thousands)						
Revenue	\$ -	\$ -	\$ 558,626	\$ 779,236	\$ -	\$ 1,337,862
Operating expenses:						
Direct operating expenses	-	-	250,014	485,299	-	735,313
Selling, general and administrative						
expenses	-	-	95,958	163,694	-	259,652
Corporate expenses	6,492	-	29,507	22,908	-	58,907
Depreciation and amortization	-	-	97,688	89,811	-	187,499
Other operating income (expense), net	(220)	-	(6,955)	2,390	-	(4,785)
Operating income (loss)	(6,712)	-	78,504	19,914	-	91,706
Interest expense	12	176,161	975	824	-	177,972
Interest income on Due from						
iHeartCommunications	30,302	-	-	-	-	30,302
Intercompany interest income	8,025	170,209	30,553	-	(208,787)	-
Intercompany interest expense	30,302	-	178,234	251	(208,787)	-
Equity in earnings (loss) of nonconsolidated affiliates	(10,032)	15,729	8,894	(788)	(13,632)	171
Other income (expense), net	1,683	3,440	21,249	33,417	(24,575)	35,214
Income (loss) before income taxes	(7,048)	13,217	(40,009)	51,468	(38,207)	(20,579)
Income tax benefit (expense)	(485)	(8,583)	29,977	(23,997)	-	(3,088)
Consolidated net income (loss)	(7,533)	4,634	(10,032)	27,471	(38,207)	(23,667)
Less amount attributable to						
noncontrolling interest	-	-	-	8,441	-	8,441
Net income (loss) attributable to the Company	\$ (7,533)	\$ 4,634	\$ (10,032)	\$ 19,030	\$ (38,207)	\$ (32,108)
Other comprehensive (loss), net of tax:						
Foreign currency translation adjustments	-	(3,440)	(7,026)	(68,121)	-	(78,587)
Unrealized holding gain on marketable securities	-	-	-	689	-	689
Other adjustments to comprehensive loss	-	-	-	(1,154)	-	(1,154)
Equity in subsidiary comprehensive income	(76,291)	(39,361)	(69,265)	-	184,917	-
Comprehensive loss	(83,824)	(38,167)	(86,323)	(49,556)	146,710	(111,160)
Less amount attributable to	-	-	-	(2,761)	-	(2,761)

(UNAUDITED)

noncontrolling interest
Comprehensive loss attributable

to the Company	\$ (83,824)	\$ (38,167)	\$ (86,323)	\$ (46,795)	\$ 146,710	\$ (108,399)
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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(UNAUDITED)**

(In thousands)

	Six Months Ended June 30, 2014					Consolidated
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination	
Revenue	\$ -	\$ -	\$ 543,687	\$ 872,769	\$ -	\$ 1,416,456
Operating expenses:						
Direct operating expenses	-	-	243,137	551,520	-	794,657
Selling, general and administrative expenses	-	-	96,131	177,090	-	273,221
Corporate expenses	6,054	-	32,729	25,247	-	64,030
Depreciation and amortization	-	-	94,544	102,923	-	197,467
Other operating income (expense), net	(270)	-	3,303	(132)	-	2,901
Operating income (loss)	(6,324)	-	80,449	15,857	-	89,982
Interest (income) expense, net	(7)	176,130	957			

(UNAUDITED)