

Clear Channel Outdoor Holdings, Inc.

Form 10-Q

October 31, 2011

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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 SEPTEMBER 30, 2011**

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

1-32663

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

200 East Basse Road

San Antonio, Texas
(Address of principal executive offices)

86-0812139
(I.R.S. Employer Identification No.)

78209
(Zip Code)

(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 October 20, 2011
Class A Common Stock, \$.01 par value	40,984,143
Class B Common Stock, \$.01 par value	315,000,000

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Table of Contents**PART I -- FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands)**

	000000000000 September 30, 2011 (Unaudited)	000000000000 December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 631,979	\$ 624,018
Accounts receivable, net	699,932	735,115
Other current assets	220,979	191,360
Total Current Assets	1,552,890	1,550,493
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,931,695	2,007,399
Other property, plant and equipment, net	279,482	290,325
INTANGIBLE ASSETS		
Definite-lived intangibles, net	635,920	705,218
Indefinite-lived intangibles	1,113,562	1,114,413
Goodwill	859,490	862,242
OTHER ASSETS		
Due from Clear Channel Communications	541,356	383,778
Other assets	156,620	162,697
Total Assets	\$ 7,071,015	\$ 7,076,565
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 589,588	\$ 623,585
Deferred income	127,182	100,675
Current portion of long-term debt	47,606	41,676
Total Current Liabilities	764,376	765,936
Long-term debt	2,501,229	2,522,133
Deferred tax liability	811,599	828,568
Other long-term liabilities	277,522	251,873
Commitments and contingent liabilities (Note 6)		
SHAREHOLDERS' EQUITY		
Noncontrolling interest	224,191	209,794
Class A common stock	411	408
Class B common stock	3,150	3,150
Additional paid-in capital	6,682,066	6,677,146

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Retained deficit	(3,953,982)	(3,974,349)
Accumulated other comprehensive loss	(238,763)	(207,439)
Cost of shares held in treasury	(784)	(655)
Total Shareholders' Equity	2,716,289	2,708,055
Total Liabilities and Shareholders' Equity	\$ 7,071,015	\$ 7,076,565

See Notes to Consolidated Financial Statements

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)****(In thousands, except per share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue	\$ 748,450	\$ 695,086	\$ 2,187,872	\$ 2,005,261
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	408,132	380,619	1,214,984	1,145,389
Selling, general and administrative expenses (excludes depreciation and amortization)	131,915	115,224	398,032	357,273
Corporate expenses (excludes depreciation and amortization)	22,303	26,197	67,324	70,726
Depreciation and amortization	114,934	103,833	322,864	310,841
Other operating income (expense) net	37	(27,672)	9,139	(24,934)
Operating income	71,203	41,541	193,807	96,098
Interest expense	61,809	60,276	183,595	178,989
Interest income on Due from Clear Channel Communications	12,215	4,800	31,786	12,019
Equity in earnings (loss) of nonconsolidated affiliates	1,038	(663)	1,640	(1,462)
Other income (expense) net	(1,859)	1,545	975	(3,447)
Income (loss) before income taxes	20,788	(13,053)	44,613	(75,781)
Income tax expense	(11,002)	(18,829)	(11,007)	(7,384)
Consolidated net income (loss)	9,786	(31,882)	33,606	(83,165)
Less amount attributable to noncontrolling interest	6,573	3,012	13,239	8,638
Net income (loss) attributable to the Company	\$ 3,213	\$ (34,894)	\$ 20,367	\$ (91,803)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(88,618)	106,902	(22,233)	313
Foreign currency reclassification adjustment	86	2,565	234	1,424
Unrealized loss on marketable securities	(4,979)	(394)	(4,459)	(5,343)
Comprehensive income (loss)	(90,298)	74,179	(6,091)	(95,409)
Less amount attributable to noncontrolling interest	(1,268)	7,042	4,866	3,308
Comprehensive income (loss) attributable to the Company	\$ (89,030)	\$ 67,137	\$ (10,957)	\$ (98,717)
Net income (loss) attributable to the Company:				
Basic	\$ 0.01	\$ (0.10)	\$ 0.05	\$ (0.27)
Weighted average common shares outstanding Basic	355,940	355,585	355,873	355,530
Diluted	\$ 0.01	\$ (0.10)	\$ 0.05	\$ (0.27)
Weighted average common shares outstanding Diluted	356,428	355,585	356,556	355,530

See Notes to Consolidated Financial Statements

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)****(In thousands)**

	Nine Months Ended September 30,	
	2011	2010
Cash flows from operating activities:		
Consolidated net income (loss)	\$ 33,606	\$ (83,165)
Reconciling items:		
Depreciation and amortization	322,864	310,841
Deferred taxes	(13,744)	(11,722)
Provision for doubtful accounts	4,982	4,849
(Gain) loss on sale of operating and fixed assets	(9,139)	24,934
Other reconciling items net	10,085	15,659
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	25,763	(20,274)
Decrease in Federal incomes taxes receivable		50,958
Increase in deferred income	27,020	30,020
Increase (decrease) in accrued expenses	(17,201)	28,880
Increase (decrease) in accounts payable and other liabilities	11,786	(6,541)
Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions	(44,366)	24,695
Net cash provided by operating activities	351,656	369,134
Cash flows from investing activities:		
Purchases of property, plant and equipment	(164,400)	(139,274)
Purchases of other operating assets	(13,239)	(715)
Proceeds from disposal of assets	11,008	6,466
Change in other net	947	(1,704)
Net cash used for investing activities	(165,684)	(135,227)
Cash flows from financing activities:		
Draws on credit facilities		3,916
Payments on credit facilities	(3,202)	(42,254)
Proceeds from long-term debt	1,560	6,844
Payments on long-term debt	(13,243)	(12,425)
Net transfers to Clear Channel Communications	(157,595)	(130,870)
Change in other net	(4,350)	(4,213)
Net cash used for financing activities	(176,830)	(179,002)
Effect of exchange rate changes on cash	(1,181)	369
Net increase in cash and cash equivalents	7,961	55,274
Cash and cash equivalents at beginning of period	624,018	609,436

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Cash and cash equivalents at end of period	\$ 631,979	\$ 664,710
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See Notes to Consolidated Financial Statements

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 -- BASIS OF PRESENTATION AND NEW ACCOUNTING STANDARDS

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 are not necessarily 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 2010 Annual Report on Form 10-K and Quarterly Reports on Form 10-Q for the periods ended March 31, 2011 and June 30, 2011.

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, Clear Channel Communications, Inc. ("Clear Channel Communications"). These allocations were made on a specifically identifiable basis or using relative percentages of headcount or other methods management considered to be a reasonable reflection of the utilization of services provided. 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 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions are eliminated in the consolidation process.

Certain prior-period amounts have been reclassified to conform to the 2011 presentation.

New Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-29, *Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations*. This ASU updates Topic 805 to specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments of this ASU are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The Company adopted the provisions of ASU 2010-29 on January 1, 2011 without material impact to the Company's disclosures.

In April 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. The amendments in this ASU change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. For many of the requirements, the FASB does not intend for the amendments in this ASU to result in a change in the application of the requirements in Topic 820. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements. The amendments in this ASU are to be applied prospectively for interim and annual periods beginning after December 15, 2011. The Company does not expect the provisions of ASU 2011-04 to have a material effect on its financial position or results of operations.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income*. This ASU improves the comparability, consistency, and transparency of financial reporting and increases the prominence of items reported in other comprehensive income by eliminating the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments require that all nonowner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The changes apply for interim and annual financial statements and should be applied retrospectively, effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. Early adoption is permitted. The Company currently complies with the provisions of this ASU by presenting the components of comprehensive income in a single continuous financial statement within its consolidated statement of operations for both interim and annual

periods.

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

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles-Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. Under the revised guidance, entities testing goodwill for impairment have the option of performing a qualitative assessment before calculating the fair value of the reporting unit (i.e., step 1 of the goodwill impairment test). If entities determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. The ASU does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill annually for impairment. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company adopted the provisions of this ASU as of October 1, 2011 and is currently evaluating the impact of adoption.

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 at September 30, 2011 and December 31, 2010, respectively:

<i>(In thousands)</i>	September 30, 2011	December 31, 2010
Land, buildings and improvements	\$ 204,919	\$ 206,355
Structures	2,726,585	2,623,561
Furniture and other equipment	99,357	86,417
Construction in progress	53,125	53,550
	3,083,986	2,969,883
Less: accumulated depreciation	872,809	672,159
Property, plant and equipment, net	\$ 2,211,177	\$ 2,297,724

Definite-lived Intangible Assets

The Company has definite-lived intangible assets which 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. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived assets. These assets are recorded at cost.

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at September 30, 2011 and December 31, 2010, respectively:

<i>(In thousands)</i>	September 30, 2011		December 31, 2010	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
	\$ 777,362	\$ 296,016	\$ 789,867	\$ 241,461

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Transit, street furniture and other contractual rights				
Other	176,402	21,828	173,549	16,737
Total	\$ 953,764	\$ 317,844	\$ 963,416	\$ 258,198

Total amortization expense related to definite-lived intangible assets for the three months ended September 30, 2011 and 2010 was \$30.8 million and \$26.2 million, respectively. Total amortization expense related to definite-lived intangible assets for the nine months ended September 30, 2011 and 2010 was \$77.3 million and \$80.0 million, respectively.

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

<i>(In thousands)</i>	
2012	\$ 79,400
2013	72,853
2014	66,757
2015	49,082
2016	37,372

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(UNAUDITED)*****Indefinite-lived Intangible Assets***

The Company's indefinite-lived intangibles 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 assets in the International segment.

Goodwill

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

<i>(In thousands)</i>	Americas	International	Total
Balance as of December 31, 2009	\$ 585,249	\$ 276,343	\$ 861,592
Foreign currency	285	3,299	3,584
Impairment		(2,142)	(2,142)
Other		(792)	(792)
Balance as of December 31, 2010	\$ 585,534	\$ 276,708	\$ 862,242
Foreign currency	(655)	(2,097)	(2,752)
Balance as of September 30, 2011	\$ 584,879	\$ 274,611	\$ 859,490

NOTE 3 -- DEBT

Long-term debt at September 30, 2011 and December 31, 2010 consisted of the following:

<i>(In thousands)</i>	September 30, 2011	December 31, 2010
Clear Channel Worldwide Holdings Senior Notes:		
9.25% Series A Senior Notes Due 2017	\$ 500,000	\$ 500,000
9.25% Series B Senior Notes Due 2017	2,000,000	2,000,000
Other debt	48,835	63,809
Total debt	2,548,835	2,563,809
Less: current portion	47,606	41,676
Total long-term debt	\$ 2,501,229	\$ 2,522,133

The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately \$2.6 billion at September 30, 2011 and December 31, 2010.

Clear Channel Communications Refinancing Transactions

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During the first six months of 2011 Clear Channel Communications amended its senior secured credit facilities and its receivables based credit facility (the "Amendments") and issued \$1.75 billion aggregate principal amount of 9.0% Priority Guarantee Notes due 2021 (the "9.0% Priority Guarantee Notes"). In February 2011, Clear Channel Communications issued \$1.0 billion aggregate principal amount of the 9.0% Priority Guarantee Notes (the "February 2011 Offering"), and in June 2011, Clear Channel Communications issued \$750.0 million aggregate principal amount of the 9.0% Priority Guarantee Notes (the "June 2011 Offering"). Clear Channel Communications used a portion of the proceeds from the February 2011 Offering to prepay \$500.0 million of the indebtedness outstanding under its senior secured credit facilities. As a result of the prepayment, the revolving credit commitments under Clear Channel Communications' revolving credit facility were permanently reduced from \$2.0 billion to \$1.9 billion and the sub-limit under which certain of the Company's international subsidiaries may borrow (to the extent that Clear Channel Communications has not already borrowed against this capacity) was reduced from \$150.0 million to \$145.0 million. The Amendments, among other things, provide greater flexibility for the Company and its subsidiaries to incur new debt, provided that the net proceeds distributed to Clear Channel Communications from the issuance of such new debt are used to pay down senior secured credit facility indebtedness.

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(UNAUDITED)****NOTE 4 -- SUPPLEMENTAL DISCLOSURES*****Income tax benefit (expense)***

The Company's income tax benefit (expense) for the three and nine months ended September 30, 2011 and 2010, respectively, consisted of the following components:

<i>(In thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Current tax expense	\$ (8,321)	\$ (1,418)	\$ (24,751)	\$ (19,106)
Deferred tax benefit (expense)	(2,681)	(17,411)	13,744	11,722
Income tax expense	\$ (11,002)	\$ (18,829)	\$ (11,007)	\$ (7,384)

The effective tax rate for the three and nine months ended September 30, 2011 was 52.9% and 24.7%, respectively. The effective tax rate for the three months ended September 30, 2011 was primarily impacted by increases in tax expense attributable to an increase in unrecognized tax benefits and the Company's inability to record the benefit of losses in certain foreign jurisdictions. The effective tax rate for the nine months ended September 30, 2011 was primarily impacted by the Company's settlement of U.S. Federal and state tax examinations during the period. Pursuant to the settlements, the Company recorded a reduction to income tax expense of approximately \$3.5 million to reflect the net tax benefits of the settlements. In addition, the effective tax rate for the nine months ended September 30, 2011 was impacted by the Company's ability to benefit from certain tax loss carryforwards in foreign jurisdictions due to increased taxable income during 2011, where the losses previously did not provide a benefit. The effects of these items were partially offset by the items mentioned above related to the three months ended September 30, 2011.

The Company's effective tax rate for the three and nine months ended September 30, 2010 was (144.3%) and (9.7%), respectively. The 2010 effective tax rates were impacted primarily as a result of the Company's inability to benefit from tax losses in certain foreign jurisdictions due to the uncertainty of the ability to utilize those losses in future years. In addition, during the three months ended September 30, 2010, the Company recorded a valuation allowance of \$13.4 million against deferred tax assets in foreign jurisdictions due to the uncertainty of the ability to realize those assets in future periods.

During the nine months ended September 30, 2011 and 2010, cash paid for interest and income taxes, net of U. S. Federal income tax refunds of \$51.0 million for the nine months ended September 30, 2010, was as follows:

<i>(In thousands)</i>	Nine Months Ended September 30,	
	2011	2010
Interest	\$ 176,070	\$ 175,919
Income taxes	\$ 27,050	\$ (29,656)

NOTE 5 -- FAIR VALUE MEASUREMENTS

The Company holds marketable equity securities classified in accordance with the provisions of ASC 320-10. These marketable equity securities are measured at fair value on each reporting date using quoted prices in active markets. Due to the fact that the inputs used to measure the marketable equity securities at fair value are observable, the Company has categorized the fair value measurements of the securities as Level 1.

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The Company records its investments in these marketable equity securities on the balance sheet as Other Assets.

The cost, unrealized holding gains or losses, and fair value of the Company's investments at September 30, 2011 and December 31, 2010 are as follows:

		September 30, 2011			December 31, 2010			
		Gross	Gross		Gross	Gross		
<u>Investments</u>	<u>Cost</u>	<u>Unrealized Losses</u>	<u>Unrealized Gains</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Losses</u>	<u>Unrealized Gains</u>	<u>Fair Value</u>
Available-for-sale	\$ 8,016	\$ (4,455)	\$ 78	\$ 3,639	\$ 8,016	\$	\$ 82	\$ 8,098

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 6 -- COMMITMENTS AND CONTINGENCIES

The Company and its subsidiaries are currently involved in certain legal proceedings arising in the ordinary course of business and, as required, the Company has accrued its estimate of the probable costs for 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.

On or about July 12, 2006 and April 12, 2007, two of the Company's operating businesses (L&C Outdoor Ltda. ("L&C") and Publicidad Klimes Sao Paulo Ltda. ("Klimes"), respectively) in the São Paulo, Brazil market received notices of infraction from the state taxing authority, seeking to impose a value added tax ("VAT") on such businesses, retroactively for the period from December 31, 2001 through January 31, 2006. The taxing authority contends that these businesses fall within the definition of "communication services" and as such are subject to the VAT.

L&C and Klimes have filed separate petitions to challenge the imposition of this tax. L&C's challenge was unsuccessful at the first administrative level, but successful at the second administrative level. The state taxing authority filed an appeal to the third and final administrative level, which required consideration by a full panel of 16 administrative law judges. On September 27, 2010, L&C received an unfavorable ruling at this final administrative level, which concluded that the VAT applied. L&C intends to appeal this ruling to the judicial level. In addition, L&C has filed a petition to have the case remanded to the second administrative level for consideration of the reasonableness of the amount of the penalty assessed against it. The amounts allegedly owed by L&C are approximately \$8.8 million in taxes, approximately \$17.5 million in penalties and approximately \$31.6 million in interest (as of September 30, 2011 at an exchange rate of 0.547). On August 8, 2011, Brazil's National Council of Fiscal Policy (CONFAZ) published a rule authorizing sixteen states, including the State of São Paulo, to reduce the principal amount of VAT allegedly owed for communications services; the rule also authorizes the states to reduce or waive related interest and penalties. The State of São Paulo ratified the amnesty in late August 2011. However, it is not required to reduce the principal amount of VAT or waive the payment of penalties and interest. In late 2011 or early 2012, the Company expects the São Paulo state legislature to pass legislation setting forth the precise terms of the amnesty. Based on the uncertainty of any amnesty terms that may be offered, the Company does not know whether the offered terms will be acceptable. Accordingly, the Company continues to vigorously pursue its case in the administrative courts and, if necessary, in the relevant appellate courts. At September 30, 2011, the range of reasonably possible loss is from zero to approximately \$58 million. The maximum loss that could ultimately be paid depends on the timing of the final resolution at the judicial level and applicable future interest rates. Based on the Company's review of the law, the outcome of similar cases at the judicial level and the advice of counsel, the Company has not accrued any costs related to these claims and believes the occurrence of loss is not probable.

Klimes' challenge was unsuccessful at the first administrative level, and denied at the second administrative level on or about September 24, 2009. On January 5, 2011, the administrative law judges at the third administrative level published a ruling that the VAT applies but significantly reduced the penalty assessed by the taxing authority. With the penalty reduction, the amounts allegedly owed by Klimes are approximately \$9.9 million in taxes, approximately \$4.9 million in penalties and approximately \$19.3 million in interest (as of September 30, 2011 at an exchange rate of 0.547). In late February 2011, Klimes filed a writ of mandamus in the 13th lower public treasury court in São Paulo, State of São Paulo, appealing the administrative court's decision that the VAT applies. On that same day, Klimes filed a motion for an injunction barring the taxing authority from collecting the tax, penalty and interest while the appeal is pending. The court denied the motion in early April 2011. Klimes filed a motion for reconsideration with the court and also appealed that ruling to the São Paulo State Higher Court, which affirmed in late April 2011. On June 20, 2011, the 13th lower public treasury court in São Paulo reconsidered its prior ruling and granted Klimes an injunction suspending any collection effort by the taxing authority until a decision on the merits is obtained at the first judicial level. On August 8, 2011, Brazil's National Council of Fiscal Policy (CONFAZ) published a rule authorizing sixteen states, including the State of São Paulo, to reduce the principal amount of VAT allegedly owed for communications services; the rule also authorizes the states to reduce or waive related interest and penalties. The State of São Paulo ratified the amnesty in late August 2011. However, it is not required to reduce the principal amount of VAT or waive the payment of penalties and interest. In late 2011 or early 2012, the Company expects the São Paulo state legislature to pass legislation setting forth the precise terms of the amnesty. Based on the uncertainty of any amnesty terms that may be offered, the Company does not know whether the offered terms will be acceptable. Accordingly, the Company continues to vigorously pursue its appeal in the 13th lower public treasury court. At September 30, 2011, the range of reasonably possible loss is from zero to approximately \$34 million.

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The maximum loss that could ultimately be paid depends on the timing of the final resolution at the judicial level and applicable future interest rates. Based on the Company's review of the law, the outcome of similar cases at the judicial level and the advice of counsel, the Company has not accrued any costs related to these claims and believes the occurrence of loss is not probable.

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

As of September 30, 2011, the Company had \$70.2 million in letters of credit outstanding, of which \$67.7 million of letters of credit were cash secured. Additionally, as of September 30, 2011, Clear Channel Communications had outstanding commercial standby letters of credit and surety bonds of \$15.3 million and \$44.0 million, respectively, held on behalf of the Company. These letters of credit and surety bonds relate to various operational matters, including insurance, bid and performance bonds, as well as other items. Letters of credit in the amount of \$9.1 million are collateral in support of surety bonds and these amounts would only be drawn under the letter of credit in the event the associated surety bonds were funded and the Company did not honor its reimbursement obligation to the issuers.

As of September 30, 2011, the Company had outstanding bank guarantees of \$58.3 million. Bank guarantees in the amount of \$4.3 million are backed by cash collateral.

NOTE 7 -- RELATED PARTY TRANSACTIONS

The Company records net amounts due to or from Clear Channel Communications as Due from/to Clear Channel Communications on the condensed consolidated balance sheets. The accounts represent the revolving promissory note issued by the Company to Clear Channel Communications and the revolving promissory note issued by Clear Channel Communications 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.

Included in the accounts are the net activities resulting from day-to-day cash management services provided by Clear Channel Communications. As a part of these services, the Company maintains collection bank accounts swept daily into accounts of Clear Channel Communications (after satisfying the funding requirements of the Trustee Account). In return, Clear Channel Communications 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 Clear Channel Communications account. At September 30, 2011 and December 31, 2010, the asset recorded in Due from Clear Channel Communications on the condensed consolidated balance sheets was \$541.4 million and \$383.8 million, respectively.

The net interest income recorded in Interest income on Due from Clear Channel Communications for the three months ended September 30, 2011 and 2010 was \$12.2 million and \$4.8 million, respectively. The net interest income recorded in Interest income on Due from Clear Channel Communications for the nine months ended September 30, 2011 and 2010 was \$31.8 million and \$12.0 million, respectively. At September 30, 2011 and December 31, 2010, the interest rate on the Due from Clear Channel Communications account was 9.25%.

Clear Channel Communications has a \$1.9 billion multi-currency revolving credit facility with a maturity in July 2014 which includes a \$145.0 million sub-limit that certain of the Company's International subsidiaries may borrow against to the extent Clear Channel Communications has not already borrowed against this capacity and is compliant with its covenants under its revolving credit facility. As of September 30, 2011, the Company had no outstanding borrowings under the \$145.0 million sub-limit facility.

The Company provides advertising space on its billboards for radio stations owned by Clear Channel Communications. For the three months ended September 30, 2011 and 2010, the Company recorded \$1.1 million and \$0.7 million, respectively, in revenue for these advertisements. For the nine months ended September 30, 2011 and 2010, the Company recorded \$2.8 million and \$2.4 million, respectively, in revenue for these advertisements.

Under the Corporate Services Agreement between Clear Channel Communications and the Company, Clear Channel Communications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) executive officer services; (iii) human resources and employee benefits services; (iv) legal and related services; (v) information systems, network and related services; (vi) investment services; (vii) procurement and sourcing support services; and (viii) other general corporate services. These services are charged to the Company based on actual direct costs incurred or allocated by Clear Channel Communications based on headcount, revenue or other factors on a pro rata basis. For the three months ended September 30, 2011 and 2010, the Company recorded \$6.2 million and \$9.1 million, respectively, as a component of corporate expenses for these services. For the nine months ended September 30, 2011 and 2010,

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the Company recorded \$18.7 million and \$27.7 million, respectively, as a component of corporate expenses for these services.

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

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

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 bases and tax bases of assets and liabilities and are measured using the enacted tax rates expected to apply to taxable income in the periods in which the deferred tax asset or liability is expected to be realized or settled. Deferred tax assets are reduced by valuation allowances if the Company believes it is more likely than not some portion or all of the asset will not be realized.

Pursuant to the Employee Matters Agreement, the Company's employees participate in Clear Channel Communications' employee benefit plans, including employee medical insurance and a 401(k) retirement benefit plan. These costs are recorded as a component of selling, general and administrative expenses and were approximately \$3.1 million and \$2.6 million for the three months ended September 30, 2011 and 2010, respectively. For the nine months ended September 30, 2011 and 2010, the Company recorded approximately \$9.1 million and \$7.7 million, respectively, as a component of selling, general and administrative expenses for these services.

On August 9, 2010, Clear Channel Communications announced that its board of directors approved a stock purchase program under which Clear Channel Communications or its subsidiaries may purchase up to an aggregate of \$100 million of the Class A common stock of the Company and/or the Class A common stock of CC Media Holdings, Inc., the indirect parent entity of Clear Channel Communications. No shares of the Class A common stock of CC Media Holdings, Inc. were purchased under the stock purchase program during the three months ended September 30, 2011. However, during the three months ended September 30, 2011, a subsidiary of Clear Channel Communications purchased \$10.6 million of the Class A common stock of the Company (998,250 shares) through open market purchases, leaving an aggregate of \$89.4 million available under the stock purchase program to purchase the Class A common stock of CC Media Holdings, Inc. and/or the Class A common stock of the Company. The stock purchase program does not have a fixed expiration date and may be modified, suspended or terminated at any time at Clear Channel Communications' discretion.

NOTE 8 -- EQUITY AND COMPREHENSIVE INCOME (LOSS)

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 equity attributable to the Company and the noncontrolling interests of subsidiaries in which the Company has a majority, but not total ownership interest:

(In thousands)

	The Company	Noncontrolling Interests	Consolidated
Balances at January 1, 2011	\$ 2,498,261	\$ 209,794	\$ 2,708,055
Net income	20,367	13,239	33,606
Foreign currency translation adjustments	(27,099)	4,866	(22,233)
Reclassification adjustment	234		234
Unrealized holding loss on marketable securities	(4,459)		(4,459)
Other - net	4,794	(3,708)	1,086
Balances at September 30, 2011	\$ 2,492,098	\$ 224,191	\$ 2,716,289

(In thousands)

	The Company	Noncontrolling Interests	Consolidated
Balances at January 1, 2010	\$ 2,567,647	\$ 193,730	\$ 2,761,377
Net income (loss)	(91,803)	8,638	(83,165)

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Foreign currency translation adjustments	(3,169)	3,482	313
Unrealized holding loss on marketable securities	(5,343)		(5,343)
Reclassification adjustment	1,598	(174)	1,424
Other - net	7,100	(4,666)	2,434
Balances at September 30, 2010	\$ 2,476,030	\$ 201,010	\$ 2,677,040

NOTE 9 -- SEGMENT DATA

The Company has two reportable operating segments, which it believes best reflect how the Company is currently managed -- Americas and International. The Americas segment primarily includes operations 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 operating segments, as well as overall executive, administrative and support functions. Share-based compensation expense is recorded by each segment in direct operating and selling, general and administrative expenses.

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The following table presents the Company's operating segment results for the three and nine months ended September 30, 2011 and 2010:

<i>(In thousands)</i>	Americas	International	Corporate and other reconciling items	Consolidated
Three months ended September 30, 2011				
Revenue	\$ 347,344	\$ 401,106	\$	\$ 748,450
Direct operating expenses	152,631	255,501		408,132
Selling, general and administrative expenses	57,780	74,135		131,915
Depreciation and amortization	62,809	52,125		114,934
Corporate expenses			22,303	22,303
Other operating income - net			37	37
Operating income (loss)	\$ 74,124	\$ 19,345	\$ (22,266)	\$ 71,203
Capital expenditures	\$ 19,177	\$ 41,193	\$	\$ 60,370
Share-based compensation expense	\$ 1,903	\$ 792	\$ 36	\$ 2,731
Three months ended September 30, 2010				
Revenue	\$ 333,269	\$ 361,817	\$	\$ 695,086
Direct operating expenses	143,940	236,679		380,619
Selling, general and administrative expenses	51,750	63,474		115,224
Depreciation and amortization	53,139	50,694		103,833
Corporate expenses			26,197	26,197
Other operating expense - net			(27,672)	(27,672)
Operating income (loss)	\$ 84,440	\$ 10,970	\$ (53,869)	\$ 41,541
Capital expenditures	\$ 30,689	\$ 21,869	\$	\$ 52,558
Share-based compensation expense	\$ 2,207	\$ 658	\$ 92	\$ 2,957
Nine months ended September 30, 2011				
Revenue	\$ 977,433	\$ 1,210,439	\$	\$ 2,187,872
Direct operating expenses	445,615	769,369		1,214,984
Selling, general and administrative expenses	167,379	230,653		398,032
Depreciation and amortization	166,859	156,005		322,864
Corporate expenses			67,324	67,324
Other operating income - net			9,139	9,139
Operating income (loss)	\$ 197,580	\$ 54,412	\$ (58,185)	\$ 193,807

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Capital expenditures	\$	87,875	\$	78,269	\$		\$	166,144
Share-based compensation expense	\$	5,745	\$	2,396	\$	111	\$	8,252

Nine months ended September 30, 2010

Revenue	\$	928,015	\$	1,077,246	\$		\$	2,005,261
Direct operating expenses		427,546		717,843				1,145,389
Selling, general and administrative expenses		160,302		196,971				357,273
Depreciation and amortization		158,319		152,522				310,841
Corporate expenses						70,726		70,726
Other operating expense - net						(24,934)		(24,934)

Operating income (loss)	\$	181,848	\$	9,910	\$	(95,660)	\$	96,098
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Capital expenditures	\$	70,615	\$	68,659	\$		\$	139,274
Share-based compensation expense	\$	6,553	\$	1,953	\$	273	\$	8,779

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(UNAUDITED)****NOTE 10 -- SUBSEQUENT EVENTS**

On October 14, 2011, Clear Channel Hillenaar BV, a subsidiary of the Company, acquired Brouwer & Partners, a street furniture business in Holland, for \$12.5 million.

NOTE 11 -- 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. (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):

	September 30, 2011					
<i>(In thousands)</i>	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 363,315	\$	\$	\$ 291,904	\$ (23,240)	\$ 631,979
Accounts receivable, net			228,042	471,890		699,932
Intercompany receivables		136,940	1,356,223		(1,493,163)	
Other current assets	4,021		76,004	140,954		220,979
Total Current Assets	367,336	136,940	1,660,269	904,748	(1,516,403)	1,552,890
Property, plant and equipment, net			1,451,058	760,119		2,211,177
Definite-lived intangibles, net			384,835	251,085		635,920
Indefinite-lived intangibles			1,098,872	14,690		1,113,562
Goodwill			571,932	287,558		859,490
Due from Clear Channel Communications	541,356					541,356
Intercompany notes receivable	182,026	2,570,855		17,832	(2,770,713)	
Other assets	2,761,607	1,029,717	1,471,084	64,838	(5,170,626)	156,620
Total Assets	\$ 3,852,325	\$ 3,737,512	\$ 6,638,050	\$ 2,300,870	\$ (9,457,742)	\$ 7,071,015
Accounts payable and accrued expenses	\$ 173	\$ 1,083	\$ 121,366	\$ 490,206	\$ (23,240)	\$ 589,588
Intercompany payable	1,352,338		136,940	3,885	(1,493,163)	
Deferred income			45,591	81,591		127,182
Current portion of long-term debt			502	47,104		47,606
Total Current Liabilities	1,352,511	1,083	304,399	622,786	(1,516,403)	764,376
Long-term debt		2,500,000	1,113	116		2,501,229
	7,491		2,692,367	70,855	(2,770,713)	

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Intercompany notes
payable

Deferred tax liability	225	(72)	762,392	49,054		811,599
Other long-term liabilities		1,181	116,172	160,169		277,522
Total shareholders' equity	2,492,098	1,235,320	2,761,607	1,397,890	(5,170,626)	2,716,289

**Total Liabilities and
Shareholders' Equity**

\$	3,852,325	\$	3,737,512	\$	6,638,050	\$	2,300,870	\$	(9,457,742)	\$	7,071,015
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Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****(UNAUDITED)**

<i>(In thousands)</i>	December 31, 2010					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	\$ 426,742	\$	\$	\$ 203,789	\$ (6,513)	\$ 624,018
Accounts receivable, net			250,552	484,563		735,115
Intercompany receivables		116,624	1,261,437	5,781	(1,383,842)	
Other current assets	1,537		53,321	136,502		191,360
Total Current Assets	428,279	116,624	1,565,310	830,635	(1,390,355)	1,550,493
Property, plant and equipment, net			1,493,640	804,084		2,297,724
Definite-lived intangibles, net			400,012	305,206		705,218
Indefinite-lived intangibles			1,098,958	15,455		1,114,413
Goodwill			571,932	290,310		862,242
Due from Clear Channel Communications	383,778					383,778
Intercompany notes receivable	182,026	2,590,955	9,243	17,832	(2,800,056)	
Other assets	2,773,305	1,034,182	1,492,337	62,319	(5,199,446)	162,697
Total Assets	\$ 3,767,388	\$ 3,741,761	\$ 6,631,432	\$ 2,325,841	\$ (9,389,857)	\$ 7,076,565
Accounts payable and accrued expenses	\$ (26)	\$ 165	\$ 128,773	\$ 501,186	\$ (6,513)	\$ 623,585
Intercompany payable	1,261,437		122,405		(1,383,842)	
Deferred income			38,264	62,411		100,675
Current portion of long-term debt				41,676		41,676
Total Current Liabilities	1,261,411	165	289,442	605,273	(1,390,355)	765,936
Long-term debt		2,500,000		22,133		2,522,133
Intercompany notes payable	7,491		2,701,610	90,955	(2,800,056)	
Deferred tax liability	225		761,593	66,750		828,568
Other long-term liabilities		1,108	105,482	145,283		251,873
Total shareholders' equity	2,498,261	1,240,488	2,773,305	1,395,447	(5,199,446)	2,708,055
Total Liabilities and Shareholders' Equity	\$ 3,767,388	\$ 3,741,761	\$ 6,631,432	\$ 2,325,841	\$ (9,389,857)	\$ 7,076,565

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

<i>(In thousands)</i>	Three Months Ended September 30, 2011					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$	\$	\$ 304,102	\$ 444,348	\$	\$ 748,450
Operating expenses:						
Direct operating expenses			131,111	277,021		408,132
Selling, general and administrative expenses			43,534	88,381		131,915
Corporate expenses	2,826		12,024	7,453		22,303
Depreciation and amortization			59,097	55,837		114,934
Other operating income (expense) net			561	(524)		37
Operating income (loss)	(2,826)		58,897	15,132		71,203
Interest expense net	110	57,812	1,924	1,963		61,809
Interest income on Due from Clear Channel Communications			12,215			12,215
Intercompany interest income	3,524	57,874		247	(61,645)	
Intercompany interest expense	124		61,461	60	(61,645)	
Equity in earnings (loss) of nonconsolidated affiliates	2,922	567	(327)	1,038	(3,162)	1,038
Other expense net		(259)	(129)	(1,471)		(1,859)
Income (loss) before income taxes	3,386	370	7,271	12,923	(3,162)	20,788
Income tax expense	(173)	(445)	(4,349)	(6,035)		(11,002)
Consolidated net income (loss)	3,213	(75)	2,922	6,888	(3,162)	9,786
Less: amount attributable to noncontrolling interest				6,573		6,573
Net income (loss) attributable to the Company	\$ 3,213	\$ (75)	\$ 2,922	\$ 315	\$ (3,162)	\$ 3,213
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments				(88,618)		(88,618)
Foreign currency reclassification adjustment				86		86
Unrealized loss on marketable securities				(4,979)		(4,979)
Equity in subsidiary comprehensive income (loss)	(92,243)	(71,927)	(92,243)		256,413	
Comprehensive income (loss)	\$ (89,030)	\$ (72,002)	\$ (89,321)	\$ (93,196)	\$ 253,251	\$ (90,298)
Less: amount attributable to noncontrolling interest				(1,268)		(1,268)
Comprehensive income (loss) attributable to the Company	\$ (89,030)	\$ (72,002)	\$ (89,321)	\$ (91,928)	\$ 253,251	\$ (89,030)

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

Three Months Ended September 30, 2010						
(In thousands)	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	\$	\$	\$ 294,703	\$ 400,383	\$	\$ 695,086
Operating expenses:						
Direct operating expenses			123,118	257,501		380,619
Selling, general and administrative expenses			43,176	72,048		115,224
Corporate expenses	3,244	(83)	15,249	7,787		26,197
Depreciation and amortization			49,546	54,287		103,833
Other operating expense net			(5,592)	(22,080)		(27,672)
Operating income (loss)	(3,244)	83	58,022	(13,320)		41,541
Interest expense net	79	57,812	1,367	1,018		60,276
Interest income on Due from Clear Channel Communications			4,800			4,800
Intercompany interest income	3,535	58,004		245	(61,784)	
Intercompany interest expense	119		61,193	472	(61,784)	
Equity in earnings (loss) of nonconsolidated affiliates	(34,952)	(23,518)	(30,186)	(663)	88,656	(663)
Other income (expense) net			(48)	1,593		1,545
Income (loss) before income taxes	(34,859)	(23,243)	(29,972)	(13,635)	88,656	(13,053)
Income tax benefit (expense)	(35)	225	(4,981)	(14,038)		(18,829)
Consolidated net income (loss)	(34,894)	(23,018)	(34,953)	(27,673)	88,656	(31,882)
Less amount attributable to noncontrolling interest			(1)	3,013		3,012
Net income (loss) attributable to the Company	\$ (34,894)	\$ (23,018)	\$ (34,952)	\$ (30,686)	\$ 88,656	\$ (34,894)
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments				106,902		106,902
Foreign currency reclassification adjustment				2,565		2,565
Unrealized loss on marketable securities				(394)		(394)
Equity in subsidiary comprehensive income (loss)	102,031	94,506	102,031		(298,568)	
Comprehensive income (loss)	\$ 67,137	\$ 71,488	\$ 67,079	\$ 78,387	\$ (209,912)	\$ 74,179
Less amount attributable to noncontrolling interest				7,042		7,042
Comprehensive income (loss) attributable to the Company	\$ 67,137	\$ 71,488	\$ 67,079	\$ 71,345	\$ (209,912)	\$ 67,137

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CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

	Nine Months Ended September 30, 2011			
<i>(In thousands)</i>	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries