

Clear Channel Outdoor Holdings, Inc.
Form 10-Q
August 09, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 AND 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2010

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)

86-0812139
(I.R.S. Employer

Identification No.)

200 East Basse Road

San Antonio, Texas
(Address of principal executive offices)

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 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 August 5, 2010 |
|---------------------------------------|-------------------------------|
| Class A Common Stock, \$.01 par value | 40,931,673 |
| Class B Common Stock, \$.01 par value | 315,000,000 |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

Item 1. UNAUDITED FINANCIAL STATEMENTS
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| | June 30, 2010 (Unaudited) | December 31, 2009 |
|--|---------------------------------|----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 616,544 | \$ 609,436 |
| Accounts receivable, net | 707,242 | 730,306 |
| Other current assets | 255,210 | 300,803 |
| Total Current Assets | 1,578,996 | 1,640,545 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Structures, net | 2,027,471 | 2,143,972 |
| Other property, plant and equipment, net | 278,435 | 296,666 |
| INTANGIBLE ASSETS | | |
| Definite-lived intangibles, net | 727,914 | 799,144 |
| Indefinite-lived intangibles | 1,122,878 | 1,132,218 |
| Goodwill | 831,784 | 861,592 |
| OTHER ASSETS | | |
| Due from Clear Channel Communications | 146,985 | 123,308 |
| Other assets | 199,594 | 194,977 |
| Total Assets | \$ 6,914,057 | \$ 7,192,422 |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 552,132 | \$ 614,442 |
| Deferred income | 137,386 | 109,578 |
| Current portion of long-term debt | 16,213 | 47,073 |
| Total Current Liabilities | 705,731 | 771,093 |
| Long-term debt | 2,546,044 | 2,561,805 |
| Deferred tax liability | 806,661 | 841,911 |
| Other long-term liabilities | 256,717 | 256,236 |
| Commitments and contingent liabilities | | |
| SHAREHOLDERS EQUITY | | |
| Noncontrolling interest | 191,895 | 193,730 |
| Class A common stock | 409 | 407 |
| Class B common stock | 3,150 | 3,150 |
| Additional paid-in capital | 6,674,591 | 6,669,247 |
| Retained deficit | (3,943,735) | (3,886,826) |
| Accumulated other comprehensive loss | (327,122) | (218,177) |
| Cost of shares held in treasury | (284) | (154) |

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| | | |
|--|---------------------|---------------------|
| Total Shareholders Equity | 2,598,904 | 2,761,377 |
| Total Liabilities and Shareholders Equity | \$ 6,914,057 | \$ 7,192,422 |

See notes to consolidated financial statements

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|--------------|------------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenue | \$ 701,407 | \$ 692,117 | \$ 1,310,175 | \$ 1,274,333 |
| Operating expenses: | | | | |
| Direct operating expenses (excludes depreciation and amortization) | 385,884 | 392,309 | 764,770 | 771,917 |
| Selling, general and administrative expenses (excludes depreciation and amortization) | 130,692 | 121,342 | 242,049 | 239,106 |
| Depreciation and amortization | 105,299 | 114,808 | 207,008 | 216,716 |
| Corporate expenses (excludes depreciation and amortization) | 23,757 | 15,653 | 44,529 | 29,899 |
| Impairment charges | | 812,390 | | 812,390 |
| Other operating income net | 1,720 | 4,353 | 2,738 | 8,965 |
| Operating income (loss) | 57,495 | (760,032) | 54,557 | (786,730) |
| Interest expense on debt with Clear Channel Communications | | 36,835 | | 73,810 |
| Interest expense | 60,395 | 1,362 | 118,713 | 3,274 |
| Interest income on Due from Clear Channel Communications | 3,806 | 111 | 7,219 | 225 |
| Equity in earnings (loss) of nonconsolidated affiliates | 4 | (21,755) | (799) | (24,048) |
| Other expense net | (4,155) | (2,612) | (4,992) | (5,780) |
| Loss before income taxes | (3,245) | (822,485) | (62,728) | (893,417) |
| Income tax benefit | 741 | 133,124 | 11,445 | 112,701 |
| Consolidated net loss | (2,504) | (689,361) | (51,283) | (780,716) |
| Amount attributable to noncontrolling interest | 6,623 | (263) | 5,626 | (3,738) |
| Net loss attributable to the Company | \$ (9,127) | \$ (689,098) | \$ (56,909) | \$ (776,978) |
| Other comprehensive (loss) income, net of tax: | | | | |
| Foreign currency translation adjustments | (67,087) | 114,405 | (106,589) | 68,916 |
| Foreign currency reclassification adjustment | (1,365) | (513) | (1,141) | (513) |
| Unrealized (loss) gain on marketable securities | (2,328) | 6,581 | (4,948) | (9,150) |
| Comprehensive loss | (79,907) | (568,625) | (169,587) | (717,725) |
| Amount attributable to noncontrolling interest | (3,891) | 6,471 | (3,733) | 4,021 |
| Comprehensive loss attributable to the Company | \$ (76,016) | \$ (575,096) | \$ (165,854) | \$ (721,746) |
| Net loss per common share: | | | | |
| Basic | \$ (0.03) | \$ (1.94) | \$ (0.16) | \$ (2.19) |
| Weighted average common shares outstanding Basic | 355,542 | 355,370 | 355,502 | 355,351 |
| Diluted | \$ (0.03) | \$ (1.94) | \$ (0.16) | \$ (2.19) |
| Weighted average common shares outstanding Diluted | 355,542 | 355,370 | 355,502 | 355,351 |

See notes to consolidated financial statements

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In thousands)

| | Six Months Ended June 30, | |
|--|------------------------------|--------------|
| | 2010 | 2009 |
| Cash flows from operating activities: | | |
| Consolidated net loss | \$ (51,283) | \$ (780,716) |
| Reconciling items: | | |
| Impairment charge | | 812,390 |
| Depreciation and amortization | 207,008 | 216,716 |
| Deferred taxes | (29,133) | (125,851) |
| Provision for doubtful accounts | 2,150 | 7,679 |
| Other reconciling items, net | 11,562 | 21,882 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in accounts receivable | (25,948) | 41,205 |
| Increase in deferred income | 35,276 | 35,618 |
| Increase (decrease) in accounts payable, accrued expenses and other liabilities | 5,202 | (64,072) |
| Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions | 18,103 | (25,200) |
| Net cash provided by operating activities | 172,937 | 139,651 |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (86,716) | (66,822) |
| Acquisition of operating assets, net of cash acquired | (425) | (5,097) |
| Change in other net | 1,423 | 10,807 |
| Net cash used for investing activities | (85,718) | (61,112) |
| Cash flows from financing activities: | | |
| Draws on credit facilities | 304 | 444 |
| Payments on credit facilities | (43,541) | (5,999) |
| Proceeds from long-term debt | 6,844 | |
| Payments on long-term debt | (7,829) | (310) |
| Net transfers to Clear Channel Communications | (23,677) | (45,538) |
| Payments for purchase of noncontrolling interest | | (12,952) |
| Change in other net | (3,571) | (36) |
| Net cash used for financing activities | (71,470) | (64,391) |
| Effect of exchange rate changes on cash | (8,641) | (4,349) |
| Net increase in cash and cash equivalents | 7,108 | 9,799 |
| Cash and cash equivalents at beginning of period | 609,436 | 94,812 |
| Cash and cash equivalents at end of period | \$ 616,544 | \$ 104,611 |

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 adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) 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 generally accepted accounting principles (GAAP) in the United States 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 2009 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.

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. 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 2010 presentation.

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 June 30, 2010 and December 31, 2009, respectively:

| (In thousands) | June 30, 2010 | December 31, 2009 |
|------------------------------------|--------------------------|----------------------------------|
| Land, buildings and improvements | \$ 200,831 | \$ 207,939 |
| Structures | 2,499,110 | 2,514,602 |
| Furniture and other equipment | 70,194 | 71,567 |
| Construction in progress | 49,404 | 51,598 |
| | 2,819,539 | 2,845,706 |
| Less accumulated depreciation | 513,633 | 405,068 |
| Property, plant and equipment, net | \$ 2,305,906 | \$ 2,440,638 |

Definite-lived Intangible Assets

The Company has definite-lived intangible assets which consist primarily of transit and street furniture contracts, permanent easements that provide the Company access to certain of its outdoor displays and other contractual rights. Definite-lived intangible assets 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.

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

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at June 30, 2010 and December 31, 2009, respectively:

| (In thousands) | June 30, 2010 | | December 31, 2009 | |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Transit, street furniture and other contractual rights | \$ 762,912 | \$ 194,242 | \$ 803,297 | \$ 166,803 |
| Other | 172,178 | 12,934 | 172,394 | 9,744 |
| Total | \$ 935,090 | \$ 207,176 | \$ 975,691 | \$ 176,547 |

Total amortization expense related to definite-lived intangible assets was \$30.2 million and \$28.6 million for the three months ended June 30, 2010 and 2009, respectively, and \$53.8 million and \$47.5 million for the six months ended June 30, 2010 and 2009, 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:

| (In thousands) | |
|----------------|-----------|
| 2011 | \$ 84,412 |
| 2012 | 76,019 |
| 2013 | 70,349 |
| 2014 | 63,187 |
| 2015 | 48,131 |

Indefinite-lived Intangible Assets

The Company's indefinite-lived intangible assets consist of billboard permits. The Company's billboard permits are effectively issued in perpetuity by state and local governments and are transferable at little or no cost.

Goodwill

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

| (In thousands) | Americas | International | Total |
|--|-------------------|-------------------|-------------------|
| Balance as of December 31, 2008 | \$ 892,598 | \$ 287,543 | \$ 1,180,141 |
| Acquisitions | 2,250 | 110 | 2,360 |
| Foreign currency translation | 16,293 | 17,412 | 33,705 |
| Purchase accounting adjustments - net | 68,896 | 45,042 | 113,938 |
| Impairment | (390,374) | (73,764) | (464,138) |
| Other | (4,414) | | (4,414) |
| Balance as of December 31, 2009 | \$ 585,249 | \$ 276,343 | \$ 861,592 |

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| | | | |
|------------------------------------|-------------------|-------------------|-------------------|
| Foreign currency | 19 | (29,827) | (29,808) |
| Balance as of June 30, 2010 | \$ 585,268 | \$ 246,516 | \$ 831,784 |

The balance at December 31, 2008 is net of cumulative impairments of \$2.3 billion and \$173.4 million in the Americas and International segments, respectively.

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

Note 3: LONG-TERM DEBT

Long-term debt at June 30, 2010 and December 31, 2009 consisted of the following:

| (In thousands) | June 30, 2010 | December 31, 2009 |
|---|------------------|----------------------|
| 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 |
| Credit facility (\$150.0 million sub-limit within Clear Channel Communications \$2.0 billion revolving credit facility) | | 30,000 |
| Other debt | 62,257 | 78,878 |
| Total debt | 2,562,257 | 2,608,878 |
| Less: Current portion | 16,213 | 47,073 |
| Total long-term debt | \$ 2,546,044 | \$ 2,561,805 |

The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately \$2.6 billion and \$2.7 billion at June 30, 2010 and December 31, 2009, respectively.

Note 4: OTHER DEVELOPMENTS

Restructuring Program

In the fourth quarter of 2008, the Company initiated a company-wide strategic review of its costs and organizational structure to identify opportunities to maximize efficiency and realign expenses with the Company's current and long-term business outlook (the restructuring program). As of June 30, 2010, the Company had incurred a total of \$104.5 million of costs in conjunction with this restructuring program.

No assurance can be given that the restructuring program will achieve all of the anticipated cost savings in the timeframe expected or at all, or that the cost savings will be sustainable. In addition, the Company may modify or terminate the restructuring program in response to economic conditions or otherwise.

Share-based Compensation Expense

Share-based compensation expense is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the vesting period. The following table presents the amount of share-based compensation expense recorded during the three and six months ended June 30, 2010 and 2009, respectively:

| (In thousands) | Three Months Ended | | Six Months Ended | |
|--|--------------------|----------|------------------|----------|
| | June 30, 2010 | 2009 | 2010 | 2009 |
| Direct operating expenses | \$ 2,203 | \$ 1,935 | \$ 4,132 | \$ 4,004 |
| Selling, general and administrative expenses | 805 | 706 | 1,509 | 1,461 |

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| | | | | |
|--|----------|----------|----------|----------|
| Corporate expenses | 97 | 207 | 181 | 429 |
| Total share-based compensation expense | \$ 3,105 | \$ 2,848 | \$ 5,822 | \$ 5,894 |

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

As of June 30, 2010, there was \$20.3 million of unrecognized compensation cost, net of estimated forfeitures, related to unvested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of approximately three years.

Supplemental Disclosures

During the six months ended June 30, 2010, cash paid for interest and income taxes, net of income tax refunds of \$1.0 million, was as follows:

| (In thousands) | Six Months Ended June 30, 2010 |
|---------------------------|---|
| Interest | \$ 119,860 |
| Income taxes | \$ 14,919 |
| <u>Income tax benefit</u> | |

The Company's income tax benefit for the three and six months ended June 30, 2010 and 2009, respectively, consisted of the following components:

| (In thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---------------------------|--|-------------------|--------------------------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Current tax expense | \$ (9,538) | \$ (10,479) | \$ (17,688) | \$ (13,150) |
| Deferred tax benefit | 10,279 | 143,603 | 29,133 | 125,851 |
| <u>Income tax benefit</u> | <u>\$ 741</u> | <u>\$ 133,124</u> | <u>\$ 11,445</u> | <u>\$ 112,701</u> |

The effective tax rate is the provision for income taxes as a percent of income from continuing operations before income taxes. The Company's effective tax rate for the three and six months ended June 30, 2010 was 22.8% and 18.2%, respectively, compared to an effective rate of 16.2% and 12.6% for the three and six months ended June 30, 2009, respectively. The 2010 effective rate was 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. The change in the effective rate compared to the same period of the prior year was impacted primarily as a result of a deferred tax valuation allowance recorded in 2009 due to the uncertainty of the Company's ability to utilize Federal and foreign tax losses at that time and the impairment charge on goodwill recorded in 2009.

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. 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 marketable equity securities at June 30, 2010 and December 31, 2009, respectively, are as follows:

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(In thousands)

| | June 30, 2010 | | | | December 31, 2009 | | | |
|--------------------|---------------|-------------------------------|------------------------------|---------------|-------------------|-------------------------------|------------------------------|---------------|
| | Cost | Gross Unrealized Losses | Gross Unrealized Gains | Fair Value | Cost | Gross Unrealized Losses | Gross Unrealized Gains | Fair Value |
| Investments | | | | | | | | |
| Available-for-sale | \$ 14,506 | \$ (3,618) | \$ 64 | \$ 10,952 | \$ 14,506 | \$ | \$ 1,405 | \$ 15,911 |

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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.

As of June 30, 2010, Clear Channel Communications had outstanding commercial standby letters of credit and surety bonds of \$47.0 million and \$42.8 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.

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 amounts of \$1.0 billion, or if more or less than such amounts, 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. 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 June 30, 2010 and December 31, 2009, the asset recorded in Due from Clear Channel Communications on the condensed consolidated balance sheets was \$147.0 million and \$123.3 million, respectively. As June 30, 2010, we had no borrowings under the cash management note to Clear Channel Communications.

The net interest income for the three and six months ended June 30, 2010 was \$3.8 million and \$7.2 million, respectively. The net interest income for the three and six months ended June 30, 2009 was \$0.1 million and \$0.2 million, respectively. At June 30, 2009, the interest rate on the Due from Clear Channel Communications account was 0.09%, which represented the average one-month generic treasury bill rate. At June 30, 2010, the interest rate on the Due from Clear Channel Communications account was 9.25%.

Clear Channel Communications has a \$2.0 billion multi-currency revolving credit facility with a maturity in July 2014 which includes a \$150.0 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 the revolving credit facility.

The Company provides advertising space on its billboards for radio stations owned by Clear Channel Communications. For the three months ended June 30, 2010 and 2009, the Company recorded \$0.8 million and \$1.2 million, respectively, in revenue for these advertisements. For the six months ended June 30, 2010 and 2009, the Company recorded \$1.8 million and \$1.3 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 June 30, 2010 and 2009, the Company recorded \$9.8 million and \$7.9 million, respectively, as a component of corporate expenses for these services. For the six months ended June 30, 2010 and 2009, the Company

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recorded \$18.6 million and \$14.2 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.

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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 \$2.5 million and \$2.3 million for the three months ended June 30, 2010 and 2009, respectively. For the six months ended June 30, 2010 and 2009, the Company recorded approximately \$5.1 million and \$5.0 million, respectively, as a component of selling, general and administrative expenses for these services.

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 December 31, 2009 | \$ 2,567,647 | \$ 193,730 | \$ 2,761,377 |
| Net income (loss) | (56,909) | 5,626 | (51,283) |
| Foreign currency translation adjustments | (102,856) | (3,733) | (106,589) |
| Unrealized holding loss on marketable securities | (4,948) | | (4,948) |
| Reclassification adjustment | (1,141) | | (1,141) |
| Other - net | 5,216 | (3,728) | 1,488 |
| Balances at June 30, 2010 | \$ 2,407,009 | \$ 191,895 | \$ 2,598,904 |

| (In thousands) | The Company | Noncontrolling Interests | Consolidated |
|--|---------------------|-----------------------------|---------------------|
| Balances at December 31, 2008 | \$ 3,332,010 | \$ 211,813 | \$ 3,543,823 |
| Net loss | (776,978) | (3,738) | (780,716) |
| Foreign currency translation adjustments | 64,895 | 4,021 | 68,916 |
| Unrealized holding loss on marketable securities | (9,150) | | (9,150) |
| Other - net | (4,365) | (2,283) | (6,648) |
| Balances at June 30, 2009 | \$ 2,606,412 | \$ 209,813 | \$ 2,816,225 |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

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 primarily includes operations in the United States, Canada and Latin America, and the International segment includes operations primarily in Europe, Asia and Australia. Share-based compensation expense is recorded by each segment in direct operating expenses and selling, general and administrative expenses. The following table presents the Company's operating segment results for the three and six months ended June 30, 2010 and 2009, respectively:

| (In thousands) | Americas | International | Corporate, and other reconciling items | Consolidated |
|--|------------|---------------|---|--------------|
| Three months ended June 30, 2010 | | | | |
| Revenue | \$ 323,769 | \$ 377,638 | \$ | \$ 701,407 |
| Direct operating expenses | 144,298 | 241,586 | | 385,884 |
| Selling, general and administrative expenses | 64,075 | 66,617 | | 130,692 |
| Depreciation and amortization | 55,729 | 49,570 | | 105,299 |
| Corporate expenses | | | 23,757 | 23,757 |
| Other operating income - net | | | 1,720 | 1,720 |
| Operating income (loss) | \$ 59,667 | \$ 19,865 | \$ (22,037) | \$ 57,495 |
| Share-based compensation expense | \$ 2,316 | \$ 692 | \$ 97 | \$ 3,105 |
| Three months ended June 30, 2009 | | | | |
| Revenue | \$ 315,553 | \$ 376,564 | \$ | \$ 692,117 |
| Direct operating expenses | 148,755 | 243,554 | | 392,309 |
| Selling, general and administrative expenses | 51,398 | 69,944 | | 121,342 |
| Depreciation and amortization | 57,860 | 56,948 | | 114,808 |
| Corporate expenses | | | 15,653 | 15,653 |
| Impairment charges | | | 812,390 | 812,390 |
| Other operating income - net | | | 4,353 | 4,353 |
| Operating income (loss) | \$ 57,540 | \$ 6,118 | \$ (823,690) | \$ (760,032) |
| Share-based compensation expense | \$ 2,028 | \$ 613 | \$ 207 | \$ 2,848 |
| Six months ended June 30, 2010 | | | | |
| Revenue | \$ 594,746 | \$ 715,429 | \$ | \$ 1,310,175 |
| Direct operating expenses | 283,606 | 481,164 | | 764,770 |
| Selling, general and administrative expenses | 108,552 | 133,497 | | 242,049 |
| Depreciation and amortization | 105,180 | 101,828 | | 207,008 |
| Corporate expenses | | | 44,529 | 44,529 |

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| | | | | |
|----------------------------------|-----------|------------|-------------|-----------|
| Other operating income - net | | | 2,738 | 2,738 |
| Operating income (loss) | \$ 97,408 | \$ (1,060) | \$ (41,791) | \$ 54,557 |
| Share-based compensation expense | \$ 4,346 | \$ 1,295 | \$ 181 | \$ 5,822 |

Six months ended June 30, 2009

| | | | | |
|--|------------|-------------|--------------|--------------|
| Revenue | \$ 585,740 | \$ 688,593 | \$ | \$ 1,274,333 |
| Direct operating expenses | 293,635 | 478,282 | | 771,917 |
| Selling, general and administrative expenses | 100,237 | 138,869 | | 239,106 |
| Depreciation and amortization | 104,510 | 112,206 | | 216,716 |
| Corporate expenses | | | 29,899 | 29,899 |
| Impairment charge | | | 812,390 | 812,390 |
| Other operating income - net | | | 8,965 | 8,965 |
| Operating income (loss) | \$ 87,358 | \$ (40,764) | \$ (833,324) | \$ (786,730) |
| Share-based compensation expense | \$ 4,196 | \$ 1,269 | \$ 429 | \$ 5,894 |

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

Revenue of \$408.9 million and \$401.1 million derived from the Company's non-U.S. operations is included in the data above for the three months ended June 30, 2010 and 2009, respectively. Revenue of \$779.2 million and \$736.6 million derived from the Company's non-U.S. operations is included in the data above for the six months ended June 30, 2010 and 2009, respectively.

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. (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, 2010 | | | | | |
|---|-------------------|----------------------|---------------------------|-------------------------------|----------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
| Cash and cash equivalents | \$ | \$ | \$ 435,214 | \$ 181,330 | \$ | \$ 616,544 |
| Accounts receivable, net | | | 264,620 | 442,622 | | 707,242 |
| Intercompany receivables | | 7,779 | 612,556 | | (620,335) | |
| Other current assets | 1,306 | 606 | 111,318 | 141,980 | | 255,210 |
| Total Current Assets | 1,306 | 8,385 | 1,423,708 | 765,932 | (620,335) | 1,578,996 |
| Property, plant and equipment, net | | | 1,524,032 | 781,874 | | 2,305,906 |
| Definite-lived intangibles, net | | | 412,198 | 315,716 | | 727,914 |
| Indefinite-lived intangibles | | | 1,108,376 | 14,502 | | 1,122,878 |
| Goodwill | | | 571,932 | 259,852 | | 831,784 |
| Due from Clear Channel Communications | 146,985 | | | | | 146,985 |
| Intercompany notes receivable | 182,026 | 2,700,000 | 9,243 | 18,105 | (2,909,374) | |
| Other assets | 2,684,251 | 940,209 | 1,385,263 | 87,573 | (4,897,702) | 199,594 |
| Total Assets | \$ 3,014,568 | \$ 3,648,594 | \$ 6,434,752 | \$ 2,243,554 | \$ (8,427,411) | \$ 6,914,057 |
| Accounts payable and accrued expenses | \$ | \$ 1,349 | \$ 137,653 | \$ 413,130 | \$ | \$ 552,132 |
| Intercompany notes payable | 599,843 | | 7,779 | 12,713 | (620,335) | |
| Deferred income | | | 56,409 | 80,977 | | 137,386 |
| Current portion of long-term debt | | | 75 | 16,138 | | 16,213 |
| Total Current Liabilities | 599,843 | 1,349 | 201,916 | 522,958 | (620,335) | 705,731 |
| Long-term debt | | 2,500,000 | | 46,044 | | 2,546,044 |
| Intercompany notes payable | 7,491 | | 2,692,640 | 209,243 | (2,909,374) | |
| Deferred income taxes | 225 | | 758,644 | 47,792 | | 806,661 |
| Other long-term liabilities | | 1,262 | 97,301 | 158,154 | | 256,717 |
| Total shareholders' equity | 2,407,009 | 1,145,983 | 2,684,251 | 1,259,363 | (4,897,702) | 2,598,904 |
| Total Liabilities and Shareholders' Equity | \$ 3,014,568 | \$ 3,648,594 | \$ 6,434,752 | \$ 2,243,554 | \$ (8,427,411) | \$ 6,914,057 |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | December 31, 2009 | | | | | |
|--|-------------------|-------------------|------------------------|----------------------------|----------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
| Cash and cash equivalents | \$ | \$ | \$ 431,105 | \$ 178,331 | \$ | \$ 609,436 |
| Accounts receivable, net | | | 249,325 | 480,981 | | 730,306 |
| Intercompany receivables | | 4,689 | 582,554 | 20,606 | (607,849) | |
| Other current assets | 2,796 | (1,935) | 122,636 | 177,306 | | 300,803 |
| Total Current Assets | 2,796 | 2,754 | 1,385,620 | 857,224 | (607,849) | 1,640,545 |
| Property, plant and equipment, net | | | 1,562,256 | 878,382 | | 2,440,638 |
| Definite-lived intangibles, net | | | 423,935 | 375,209 | | 799,144 |
| Indefinite-lived intangibles | | | 1,117,568 | 14,650 | | 1,132,218 |
| Goodwill | | | 571,932 | 289,660 | | 861,592 |
| Intercompany notes receivable | 182,026 | 2,700,000 | 9,243 | 18,235 | (2,909,504) | |
| Due from Clear Channel Communications | 123,308 | | | | | 123,308 |
| Other assets | 2,849,918 | 1,075,719 | 1,517,111 | 80,019 | (5,327,790) | 194,977 |
| Total Assets | \$ 3,158,048 | \$ 3,778,473 | \$ 6,587,665 | \$ 2,513,379 | \$ (8,845,143) | \$ 7,192,422 |
| Accounts payable and accrued expenses | \$ | \$ | \$ 112,492 | \$ 501,950 | \$ | \$ 614,442 |
| Intercompany notes payable | 582,554 | | 25,295 | | (607,849) | |
| Deferred income | | | 38,579 | 70,999 | | 109,578 |
| Current portion of long-term debt | | | 77 | 46,996 | | 47,073 |
| Total Current Liabilities | 582,554 | | 176,443 | 619,945 | (607,849) | 771,093 |
| Long-term debt | | 2,500,000 | | 61,805 | | 2,561,805 |
| Intercompany notes payable | 7,622 | | 2,692,639 | 209,243 | (2,909,504) | |
| Deferred tax liability | 225 | | 780,846 | 60,840 | | 841,911 |
| Other long-term liabilities | | 1,225 | 87,819 | 167,192 | | 256,236 |
| Total shareholders equity | 2,567,647 | 1,277,248 | 2,849,918 | 1,394,354 | (5,327,790) | 2,761,377 |
| Total Liabilities and Shareholders Equity | \$ 3,158,048 | \$ 3,778,473 | \$ 6,587,665 | \$ 2,513,379 | \$ (8,845,143) | \$ 7,192,422 |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | Three Months Ended June 30, 2010 | | | | | |
|---|----------------------------------|-------------------|------------------------|----------------------------|--------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
| Revenue | \$ | \$ | \$ 285,917 | \$ 415,490 | \$ | \$ 701,407 |
| Operating expenses: | | | | | | |
| Direct operating expenses | | | 122,478 | 263,406 | | 385,884 |
| Selling, general and administrative expenses | | | 55,598 | 75,094 | | 130,692 |
| Depreciation and amortization | | | 52,171 | 53,128 | | 105,299 |
| Corporate expenses | 3,530 | 535 | 14,250 | 5,442 | | 23,757 |
| Other operating income net | | | 470 | 1,250 | | 1,720 |
| Operating income (loss) | (3,530) | (535) | 41,890 | 19,670 | | 57,495 |
| Interest expense | 141 | 57,813 | 1,656 | 785 | | 60,395 |
| Interest income on debt with Clear Channel Communications | | | 3,806 | | | 3,806 |
| Intercompany interest income | 3,579 | 58,606 | | 249 | (62,434) | |
| Intercompany interest expense | 121 | | 61,668 | 645 | (62,434) | |
| Equity in earnings (loss) of nonconsolidated affiliates | (8,994) | 54 | 2,623 | 21 | 6,300 | 4 |
| Other expense net | | | (3) | (4,152) | | (4,155) |
| Income (loss) before income taxes | (9,207) | 312 | (15,008) | 14,358 | 6,300 | (3,245) |
| Income tax benefit (expense) | 80 | 606 | 6,014 | (5,959) | | 741 |
| Consolidated net income (loss) | (9,127) | 918 | (8,994) | 8,399 | 6,300 | (2,504) |
| Amount attributable to noncontrolling interest | | | | 6,623 | | 6,623 |
| Net income (loss) attributable to the Company | \$ (9,127) | \$ 918 | \$ (8,994) | \$ 1,776 | \$ 6,300 | \$ (9,127) |
| Other comprehensive income (loss), net of tax: | | | | | | |
| Foreign currency translation adjustments | | 1,805 | | (68,892) | | (67,087) |
| Foreign currency reclassification adjustment | | | | (1,365) | | (1,365) |
| Unrealized loss on marketable securities | | | | (2,328) | | (2,328) |
| Equity in subsidiary comprehensive income | (66,889) | (65,481) | (66,889) | | 199,259 | |
| Comprehensive income (loss) | \$ (76,016) | \$ (62,758) | \$ (75,883) | \$ (70,809) | \$ 205,559 | \$ (79,907) |
| Amount attributable to noncontrolling interest | | | | (3,891) | | (3,891) |
| Comprehensive income (loss) attributable to the Company | \$ (76,016) | \$ (62,758) | \$ (75,883) | \$ (66,918) | \$ 205,559 | \$ (76,016) |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | Three Months Ended June 30, 2009 | | | | | |
|--|----------------------------------|-------------------|------------------------|----------------------------|--------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
| Revenue | \$ | \$ | \$ 285,429 | \$ 406,688 | \$ | \$ 692,117 |
| Operating expenses: | | | | | | |
| Direct operating expenses | | | 131,989 | 260,320 | | 392,309 |
| Selling, general and administrative expenses | | | 44,335 | 77,007 | | 121,342 |
| Depreciation and amortization | | | 54,212 | 60,596 | | 114,808 |
| Corporate expenses | 4,091 | | 8,257 | 3,305 | | 15,653 |
| Impairment charges | | | 691,500 | 120,890 | | 812,390 |
| Other operating income net | | | 3,774 | 579 | | 4,353 |
| Operating loss | (4,091) | | (641,090) | (114,851) | | (760,032) |
| Interest expense on debt with Clear Channel Communications | | | 36,724 | | | 36,724 |
| Interest expense | 78 | | 148 | 1,136 | | 1,362 |
| Intercompany interest income | 2,667 | 373 | 267 | 355 | (3,662) | |
| Intercompany interest expense | 256 | | 2,766 | 640 | (3,662) | |
| Equity in earnings (loss) of nonconsolidated affiliates | (687,998) | (77,276) | (142,452) | (21,372) | 907,343 | (21,755) |
| Other expense net | | | (96) | (2,516) | | (2,612) |
| Income (loss) before income taxes | (689,756) | (76,903) | (823,009) | (140,160) | 907,343 | (822,485) |
| Income tax benefit (expense) | 658 | (487) | 135,394 | (2,441) | | 133,124 |
| Consolidated net income (loss) | (689,098) | (77,390) | (687,615) | (142,601) | 907,343 | (689,361) |
| Amount attributable to noncontrolling interest | | | | (263) | | (263) |
| Net income (loss) attributable to the Company | \$ (689,098) | \$ (77,390) | \$ (687,615) | \$ (142,338) | \$ 907,343 | \$ (689,098) |
| Other comprehensive income (loss), net of tax: | | | | | | |
| Foreign currency translation adjustments | | | | 114,405 | | 114,405 |
| Foreign currency reclassification adjustment | | | | (513) | | (513) |
| Unrealized gain on marketable securities | | | | 6,581 | | 6,581 |
| Equity in subsidiary comprehensive income | 114,002 | 83,890 | 114,002 | | (311,894) | |
| Comprehensive income (loss) | (575,096) | 6,500 | (573,613) | (21,865) | 595,449 | (568,625) |
| Amount attributable to noncontrolling interest | | | | 6,471 | | 6,471 |
| Comprehensive income (loss) attributable to the Company | \$ (575,096) | \$ 6,500 | \$ (573,613) | \$ (28,336) | \$ 595,449 | \$ (575,096) |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | Six Months Ended June 30, 2010 | | | | | |
|---|--------------------------------|-------------------|------------------------|----------------------------|--------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
| Revenue | \$ | \$ | \$ 519,443 | \$ 790,732 | \$ | \$ 1,310,175 |
| Operating expenses: | | | | | | |
| Direct operating expenses | | | 242,096 | 522,674 | | 764,770 |
| Selling, general and administrative expenses | | | 92,700 | 149,349 | | 242,049 |
| Depreciation and amortization | | | 98,013 | 108,995 | | 207,008 |
| Corporate expenses | 6,900 | 535 | 26,719 | 10,375 | | 44,529 |
| Other operating income net | | | 1,967 | 771 | | 2,738 |
| Operating income (loss) | (6,900) | (535) | 61,882 | 110 | | 54,557 |
| Interest expense | 249 | 115,062 | 1,286 | 2,116 | | 118,713 |
| Interest income on debt with Clear Channel Communications | | | 7,219 | | | 7,219 |
| Intercompany interest income | 7,091 | 115,745 | | 493 | (123,329) | |
| Intercompany interest expense | 242 | | 121,854 | 1,233 | (123,329) | |
| Equity in earnings (loss) of nonconsolidated affiliates | (56,722) | (25,928) | (19,565) | (616) | 102,032 | (799) |
| Other expense net | | | (91) | (4,901) | | (4,992) |
| Income (loss) before income taxes | (57,022) | (25,780) | (73,695) | (8,263) | 102,032 | (62,728) |
| Income tax benefit (expense) | 113 | 301 | 16,973 | (5,942) | | 11,445 |
| Consolidated net income (loss) | (56,909) | (25,479) | (56,722) | (14,205) | 102,032 | (51,283) |
| Amount attributable to noncontrolling interest | | | | 5,626 | | 5,626 |
| Net income (loss) attributable to the Company | \$ (56,909) | \$ (25,479) | \$ (56,722) | \$ (19,831) | \$ 102,032 | \$ (56,909) |
| Other comprehensive income (loss), net of tax: | | | | | | |
| Foreign currency translation adjustments | | 3,796 | | (110,385) | | (106,589) |
| Foreign currency reclassification adjustment | | | | (1,141) | | (1,141) |
| Unrealized loss on marketable securities | | | | (4,948) | | (4,948) |
| Equity in subsidiary comprehensive income | (108,945) | (109,582) | (108,945) | | 327,472 | |
| Comprehensive income (loss) | \$ (165,854) | \$ (131,265) | \$ (165,667) | \$ (136,305) | \$ 429,504 | \$ (169,587) |
| Amount attributable to noncontrolling interest | | | | (3,733) | | (3,733) |
| Comprehensive income (loss) attributable to the Company | \$ (165,854) | \$ (131,265) | \$ (165,667) | \$ (132,572) | \$ 429,504 | \$ (165,854) |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | Six Months Ended June 30, 2009 | | | | | Consolidated |
|--|--------------------------------|-------------------|------------------------|----------------------------|--------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | |
| Revenue | \$ | \$ | \$ 526,694 | \$ 747,639 | \$ | \$ 1,274,333 |
| Operating expenses: | | | | | | |
| Direct operating expenses | | | 260,658 | 511,259 | | 771,917 |
| Selling, general and administrative expenses | | | 87,126 | 151,980 | | 239,106 |
| Depreciation and amortization | | | 97,291 | 119,425 | | 216,716 |
| Corporate expenses | 6,634 | | 16,775 | 6,490 | | 29,899 |
| Impairment charges | | | 691,500 | 120,890 | | 812,390 |
| Other operating income net | | | 5,269 | 3,696 | | 8,965 |
| Operating loss | (6,634) | | (621,387) | (158,709) | | (786,730) |
| Interest expense on debt with Clear Channel Communications | | | 73,585 | | | 73,585 |
| Interest expense | 237 | | 217 | 2,820 | | 3,274 |
| Intercompany interest income | 5,359 | 727 | 527 | 549 | (7,162) | |
| Intercompany interest expense | 392 | | 5,516 | 1,254 | (7,162) | |
| Equity in earnings (loss) of nonconsolidated affiliates | (775,787) | (128,953) | (192,381) | (23,651) | 1,096,724 | (24,048) |
| Other expense net | | | (273) | (5,507) | | (5,780) |
| Income (loss) before income taxes | (777,691) | (128,226) | (892,832) | (191,392) | 1,096,724 | (893,417) |
| Income tax benefit (expense) | 713 | (529) | 117,428 | (4,911) | | 112,701 |
| Consolidated net income (loss) | (776,978) | (128,755) | (775,404) | (196,303) | 1,096,724 | (780,716) |
| Amount attributable to noncontrolling interest | | | | (3,738) | | (3,738) |
| Net income (loss) attributable to the Company | \$ (776,978) | \$ (128,755) | \$ (775,404) | \$ (192,565) | \$ 1,096,724 | \$ (776,978) |
| Other comprehensive income (loss), net of tax: | | | | | | |
| Foreign currency translation adjustments | | | | 68,916 | | 68,916 |
| Foreign currency reclassification adjustment | | | | (513) | | (513) |
| Unrealized loss on marketable securities | | | | (9,150) | | (9,150) |
| Equity in subsidiary comprehensive income | 55,232 | 26,157 | 55,232 | | (136,621) | |
| Comprehensive income (loss) | (721,746) | (102,598) | (720,172) | (133,312) | 960,103 | (717,725) |
| Amount attributable to noncontrolling interest | | | | 4,021 | | 4,021 |
| Comprehensive income (loss) attributable to the Company | \$ (721,746) | \$ (102,598) | \$ (720,172) | \$ (137,333) | \$ 960,103 | \$ (721,746) |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | Six Months Ended June 30, 2010 | | | | | |
|--|--------------------------------|-------------------|------------------------|----------------------------|--------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | Consolidated |
| Cash flows from operating activities: | | | | | | |
| Consolidated net income (loss) | \$ (56,909) | \$ (25,479) | \$ (56,722) | \$ (14,205) | \$ 102,032 | \$ (51,283) |
| Reconciling items: | | | | | | |
| Depreciation and amortization | | | 98,013 | 108,995 | | 207,008 |
| Deferred tax benefit | | | (20,314) | (8,819) | | (29,133) |
| Provision for doubtful accounts | | | 280 | 1,870 | | 2,150 |
| Other reconciling items - net | 56,722 | 29,724 | 17,212 | 9,936 | (102,032) | 11,562 |
| Changes in operating assets and liabilities: | | | | | | |
| Decrease in accounts receivable | | | (15,602) | (10,346) | | (25,948) |
| Increase in deferred income | | | 18,475 | 16,801 | | 35,276 |
| Increase (decrease) in accounts payable, accrued expenses and other liabilities | | 571 | 37,734 | (33,103) | | 5,202 |
| Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions | 1,647 | (1,725) | 11,292 | 6,889 | | 18,103 |
| Net cash provided by operating activities | 1,460 | 3,091 | 90,368 | 78,018 | | 172,937 |
| Cash flows from investing activities: | | | | | | |
| Purchases of property, plant and equipment | | | (36,968) | (49,748) | | (86,716) |
| Acquisition of operating assets, net of cash acquired | | | (425) | | | (425) |
| Equity contributions to subsidiaries | | | (331) | | 331 | |
| Dividends from subsidiaries | | | 107 | | (107) | |
| Change in other - net | | | 1,862 | (309) | (130) | 1,423 |
| Net cash provided by (used for) investing activities | | | (35,755) | (50,057) | 94 | (85,718) |
| Cash flows from financing activities: | | | | | | |
| Draws on credit facilities | | | | 304 | | 304 |
| Payments on credit facilities | | | (2) | (43,539) | | (43,541) |
| Proceeds from long-term debt | | | | 6,844 | | 6,844 |
| Payments on long-term debt | | | | (7,829) | | (7,829) |
| Net transfers to Clear Channel Communications | (23,677) | | | | | (23,677) |
| Intercompany funding | 21,577 | (3,091) | (50,502) | 32,016 | | |
| Increase (decrease) in intercompany notes payable - net | (130) | | | | 130 | |
| Dividends declared and paid | | | | (107) | 107 | |
| Equity contributions from parent | | | | 331 | (331) | |
| Change in other - net | 770 | | | (4,341) | | (3,571) |
| Net cash used for financing activities | (1,460) | (3,091) | (50,504) | (16,321) | (94) | (71,470) |
| Effect of exchange rate changes on cash | | | | (8,641) | | (8,641) |
| Net increase in cash and cash equivalents | | | 4,109 | 2,999 | | 7,108 |
| Cash and cash equivalents at beginning of period | | | 431,105 | 178,331 | | 609,436 |
| Cash and cash equivalents at end of period | \$ | \$ | \$ 435,214 | \$ 181,330 | \$ | \$ 616,544 |

CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

| (In thousands) | Six Months Ended June 30, 2009 | | | | | Consolidated |
|--|--------------------------------|-------------------|------------------------|----------------------------|--------------|--------------|
| | Parent Company | Subsidiary Issuer | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Eliminations | |
| Cash flows from operating activities: | | | | | | |
| Consolidated net income (loss) | \$ (776,978) | \$ (128,755) | \$ (775,404) | \$ (196,303) | \$ 1,096,724 | \$ (780,716) |
| Reconciling items: | | | | | | |
| Depreciation and amortization | | | 97,291 | 119,425 | | 216,716 |
| Impairment charges | | | 691,500 | 120,890 | | 812,390 |
| Deferred tax expense (benefit) | 74 | | (120,406) | (5,519) | | (125,851) |
| Provision for doubtful accounts | | | 2,908 | 4,771 | | 7,679 |
| Other reconciling items - net | 775,787 | 128,953 | 191,737 | 22,129 | (1,096,724) | 21,882 |
| Changes in operating assets and liabilities: | | | | | | |
| Decrease in accounts receivable | | | (865) | 42,070 | | 41,205 |
| Increase in deferred income | | | 14,522 | 21,096 | | 35,618 |
| Increase (decrease) in accounts payable, accrued expenses and other liabilities | | 33 | (681) | (63,424) | | (64,072) |
| Changes in operating assets and liabilities, net of effects of acquisitions and dispositions | (1,039) | (456) | (8,995) | (14,710) | | (25,200) |
| Net cash provided by (used for) operating activities | (2,156) | (225) | 91,607 | 50,425 | | 139,651 |
| Cash flows from investing activities: | | | | | | |
| Purchases of property, plant and equipment | | | (32,478) | (34,344) | | (66,822) |
| Acquisition of operating assets, net of cash acquired | | | (4,987) | (110) | | (5,097) |
| Equity contributions to subsidiaries | | | (58) | | 58 | |
| Change in other - net | (53) | | 5,065 | 7,974 | (2,179) | 10,807 |
| Net cash used for investing activities | (53) | | (32,458) | (26,480) | (2,121) | (61,112) |
| Cash flows from financing activities: | | | | | | |
| Draws on credit facilities | | | | 444 | | 444 |
| Payments on credit facilities | | | (953) | (5,046) | | (5,999) |
| Payments on long-term debt | | | | (310) | | (310) |
| Net transfers from Clear Channel Communications | (45,538) | | | | | (45,538) |
| Intercompany funding | 47,783 | 225 | (49,698) | 1,690 | | |
| Dividends declared and paid | | | | (2,179) | 2,179 | |
| Payments for purchase of noncontrolling interest | | | | (12,952) | | (12,952) |
| Change in other - net | (36) | | | 58 | (58) | (36) |
| Net cash provided by (used for) financing activities | 2,209 | 225 | (50,651) | (18,295) | 2,121 | (64,391) |
| Effect of exchange rate changes on cash | | | | (4,349) | | (4,349) |
| Net increase in cash and cash equivalents | | | 8,498 | 1,301 | | 9,799 |
| Cash and cash equivalents at beginning of period | | | (14,800) | 109,612 | | 94,812 |
| Cash and cash equivalents at end of period | \$ | \$ | \$ (6,302) | \$ 110,913 | \$ | \$ 104,611 |

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

Management's discussion and analysis of our financial condition and results of operations is provided as a supplement to the unaudited interim financial statements and accompanying notes thereto to help provide an understanding of our financial condition, changes in our financial condition and results of our operations. The information included herein should be read in conjunction with the quarterly and annual financial statements. Our reportable operating segments are Americas outdoor advertising (Americas) and International outdoor advertising (International).

We manage our operating segments primarily focusing on their operating income, while Corporate expenses, Other operating income (expense) net, Interest expense, Equity in earnings (loss) of nonconsolidated affiliates, Other income (expense) net and Income tax benefit (expense) are managed on a total company basis and are, therefore, included only in our discussion of consolidated results.

Executive Summary

The key highlights of our business for the three and six months ended June 30, 2010 are summarized below:

Consolidated revenue increased \$9.3 million and \$35.8 million for the three and six months ended June 30, 2010, respectively, compared to the same periods of 2009, including decreases of \$6.6 million and increases of \$20.4 million from movements in foreign exchange, respectively.

Americas revenue increased \$8.2 million and \$9.0 million for the three and six months ended June 30, 2010, respectively, compared to the same periods of 2009, primarily driven by increases in revenue across our advertising inventory, particularly digital.

International revenue was relatively flat for the second quarter of 2010 compared to the same period of 2009, with growth across multiple markets being offset by decreases from movements in foreign exchange. Revenue increased \$26.8 million for the six months ended June 30, 2010 compared to the same period of 2009, primarily as a result of an increase from movements in foreign exchange.

Restructuring Program and Certain Indenture EBITDA Adjustments

The indenture governing the Series B Senior Notes issued by our subsidiary, Clear Channel Worldwide Holdings, Inc., allows us to adjust the calculation of our adjusted EBITDA (as calculated in accordance with the indenture) for certain charges. These charges include the restructuring costs discussed below. In addition, certain other charges, including costs related to the closure and/or consolidation of facilities, retention charges, systems establishment costs and consulting fees incurred in connection with any of the foregoing, among other items, are also adjustments to the calculation of our adjusted EBITDA. For the three and six months ended June 30, 2010, our adjusted EBITDA calculation included adjustments for an additional \$1.1 million and \$2.0 million, respectively. See SOURCES OF CAPITAL below for a description of the calculation of our adjusted EBITDA pursuant to the indenture.

In the fourth quarter of 2008, we initiated a company-wide strategic review of our costs and organizational structure to identify opportunities to maximize efficiency and realign expenses with our current and long-term business outlook (the restructuring program). As of June 30, 2010, we had incurred a total of \$104.5 million of costs in conjunction with this restructuring program.

The following table shows the expenses related to our restructuring program, which are also adjustments to our adjusted EBITDA calculation, recognized as components of direct operating expenses, selling, general and administrative (SG&A) expenses and corporate expenses for the three and six months ended June 30, 2010 and 2009, respectively:

| (In thousands) | Three Months Ended | | Six Months Ended | |
|---------------------------|--------------------|---------------|------------------|---------------|
| | June 30, 2010 | June 30, 2009 | June 30, 2010 | June 30, 2009 |
| Direct operating expenses | \$ 7,706 | \$ 8,122 | \$ 9,490 | \$ 12,976 |

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| | | | | |
|--------------------|-----------|-----------|-----------|-----------|
| SG&A expenses | 5,006 | 62 | 5,045 | 1,038 |
| Corporate expenses | | 1,856 | 1,261 | 3,000 |
| Total | \$ 12,712 | \$ 10,040 | \$ 15,796 | \$ 17,014 |

No assurance can be given that the restructuring program will achieve all of the anticipated cost savings in the timeframe expected or at all, or that the cost savings will be sustainable. In addition, we may modify or terminate the restructuring program in response to economic conditions or otherwise.

RESULTS OF OPERATIONS*Consolidated Results of Operations*

The comparison of the three and six months ended June 30, 2010 to the three and six months ended June 30, 2009, respectively, is as follows:

| (In thousands) | Three Months Ended June 30, | | | Six Months Ended June 30, | | |
|--|-----------------------------|--------------|-------------|---------------------------|--------------|-------------|
| | 2010 | 2009 | % Change | 2010 | 2009 | % Change |
| Revenue | \$ 701,407 | \$ 692,117 | 1% | \$ 1,310,175 | \$ 1,274,333 | 3% |
| Operating expenses: | | | | | | |
| Direct operating expenses | 385,884 | 392,309 | (2%) | 764,770 | 771,917 | (1%) |
| Selling, general and administrative expenses | 130,692 | 121,342 | 8% | 242,049 | 239,106 | 1% |
| Depreciation and amortization | 105,299 | 114,808 | (8%) | 207,008 | 216,716 | (4%) |
| Corporate expenses | 23,757 | 15,653 | 52% | 44,529 | 29,899 | 49% |
| Impairment charges | | 812,390 | | | 812,390 | |
| Other operating income net | 1,720 | 4,353 | | 2,738 | 8,965 | |
| Operating income (loss) | 57,495 | (760,032) | | 54,557 | (786,730) | |
| Interest expense on debt with Clear Channel Communications | | 36,835 | | | 73,810 | |
| Interest expense | 60,395 | 1,362 | | 118,713 | 3,274 | |
| Interest income on debt with Clear Channel Communications | 3,806 | 111 | | 7,219 | 225 | |
| Gain on marketable securities | 17 | | | 17 | | |
| Equity in earnings (loss) of nonconsolidated affiliates | 4 | (21,755) | | (799) | (24,048) | |
| Other expense net | (4,172) | (2,612) | | (5,009) | (5,780) | |
| Loss before income taxes | (3,245) | (822,485) | | (62,728) | (893,417) | |
| Income tax benefit | 741 | 133,124 | | 11,445 | 112,701 | |
| Consolidated net loss | \$ (2,504) | \$ (689,361) | | \$ (51,283) | \$ (780,716) | |
| Amount attributable to noncontrolling interest | 6,623 | (263) | | 5,626 | (3,738) | |
| Net loss attributable to the Company | \$ (9,127) | \$ (689,098) | | \$ (56,909) | \$ (776,978) | |

Consolidated Revenue

Our consolidated revenue increased \$9.3 million during the second quarter of 2010 as compared to the second quarter of 2009. Americas revenue increased \$8.2 million, primarily from revenue increases across our advertising inventory, particularly digital. Our International revenue increased \$1.1 million, primarily from a strong billboard performance in the U.K. and street furniture performance across most countries, partially offset by decreases from movements in foreign exchange.

Our consolidated revenue increased \$35.8 million during the first six months of 2010 as compared to the same period of 2009. Americas revenue increased \$9.0 million, primarily from revenue increases across our advertising inventory, particularly digital. Our International revenue increased \$26.8 million, primarily from a strong billboard performance in the U.K. and street furniture performance across most countries and included \$15.9 million from movements in foreign exchange.

Consolidated Direct Operating Expenses

Our direct operating expenses decreased \$6.4 million during the second quarter of 2010 as compared to the second quarter of 2009. Americas direct operating expenses decreased \$4.5 million primarily as a result of the disposition of our taxi advertising business. Direct operating expenses in our International segment decreased \$2.0 million and included a \$7.1 million decrease from movements in foreign exchange.

Our direct operating expenses decreased \$7.1 million during the first six months of 2010 as compared to the same period of 2009. Americas direct operating expenses decreased \$10.0 million primarily as a result of the disposition of our taxi advertising business. Direct operating expenses in our International segment increased \$2.9 million and included a \$10.5 million increase from movements in foreign exchange.

Selling, General and Administrative Expenses (SG&A)

Our SG&A expenses increased \$9.4 million during the second quarter of 2010 as compared to the same period of 2009. SG&A expenses increased \$12.7 million in our Americas segment primarily as a result of the unfavorable impact of litigation. Our SG&A expenses decreased \$3.3 million in our International segment and included a \$2.0 million decrease from movements in foreign exchange.

Our SG&A expenses increased \$2.9 million during the first six months of 2010 as compared to the same period of 2009. SG&A expenses increased \$8.3 million in our Americas segment, primarily as a result of the unfavorable impact of litigation, partially offset by the disposition of our taxi advertising business. Our International SG&A expenses decreased \$5.4 million, including a \$2.9 million increase from movements in foreign exchange, offset by a decrease in bad debt expense and business tax.

Corporate Expenses

Corporate expenses increased \$8.1 million and \$14.6 million during the three and six months ended June 30, 2010, respectively, as compared to the same periods of 2009, primarily due to increases in bonus expense from improved operating performance. Also contributing to the increase were costs associated with centralizing corporate activities.

Depreciation and Amortization

Depreciation and amortization decreased \$9.5 million during the second quarter of 2010 compared to the same period of 2009, primarily as a result of a decrease of \$7.4 million in depreciation and amortization in our International segment in 2010 primarily related to assets that became fully amortized during 2009.

Depreciation and amortization decreased \$9.7 million during the first six months of 2010 compared to the same period of 2009, primarily as a result of a decrease of \$10.4 million in depreciation and amortization in our International segment in 2010 primarily related to assets that became fully amortized during 2009.

Interest on Debt with Clear Channel Communications

Interest on debt with our indirect parent entity, Clear Channel Communications, Inc. (Clear Channel Communications), decreased \$36.8 million and \$73.8 million during the three and six months ended June 30, 2010, respectively, as compared to the same periods of 2009. The decrease was attributable to the retirement of the \$2.5 billion note to Clear Channel Communications in December 2009.

Interest Expense

Interest expense increased \$59.0 million and \$115.4 million during the three and six months ended June 30, 2010, respectively, as compared to the same periods of 2009. The increase was primarily attributable to the issuance by our subsidiary, Clear Channel Worldwide Holdings, Inc., of \$2.5 billion aggregate principal amount of senior notes in December 2009, which bear interest at a fixed rate of 9.25% per annum.

Income Tax Benefit

Our operations are included in a consolidated income tax return filed by CC Media Holdings, Inc. (CC Media Holdings). However, for our financial statements, our provision for income taxes was computed on the basis that we file separate consolidated Federal income tax returns with our subsidiaries.

Income tax benefits of \$0.7 million and \$11.4 million were recorded for the three months and six months ended June 30, 2010, respectively, resulting in effective tax rates of 22.8% and 18.2% for those periods, respectively. The 2010 effective 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.

Income tax benefits of \$133.1 million and \$112.7 million were recorded for the three months and six months ended June 30, 2009, respectively, resulting in effective tax rates of 16.2% and 12.6% for those periods, respectively. The 2009 effective tax rates were primarily impacted by the impairment charge on goodwill. In addition, the Company recorded deferred tax valuation allowances due the uncertainty of the Company's ability to utilize Federal and foreign tax losses at that time.

Americas Results of Operations

Disposition of Taxi Business

On December 31, 2009, Clear Channel Outdoor, Inc. disposed of Clear Channel Taxi Media, LLC (Taxi), our taxi advertising business. For the three months ended June 30, 2009, Taxi contributed \$10.8 million in revenue, \$10.3 million in direct operating expenses and \$2.7 million in SG&A expenses. For the six months ended June 30, 2009, Taxi contributed \$19.7 million in revenue, \$19.9 million in direct operating expenses and \$5.3 million in SG&A expenses.

Our Americas operating results were as follows:

| (In thousands) | Three Months Ended | | | Six Months Ended | | |
|-------------------------------|--------------------|------------|--------|------------------|------------|--------|
| | June 30, | | % | June 30, | | % |
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Revenue | \$ 323,769 | \$ 315,553 | 3% | \$ 594,746 | \$ 585,740 | 2% |
| Direct operating expenses | 144,298 | 148,755 | (3%) | 283,606 | 293,635 | (3%) |
| SG&A expenses | 64,075 | 51,398 | 25% | 108,552 | 100,237 | 8% |
| Depreciation and amortization | 55,729 | 57,860 | (4%) | 105,180 | 104,510 | 1% |
| Operating income | \$ 59,667 | \$ 57,540 | 4% | \$ 97,408 | \$ 87,358 | 12% |

Three Months

Americas revenue increased \$8.2 million during the second quarter of 2010 compared to the same period of 2009 as a result of increased revenue across our advertising inventory, particularly digital. The increase was driven by an increase in both occupancy and rate. Partially offsetting the revenue increase was the decrease in revenue related to Taxi.

Direct operating expenses decreased \$4.5 million during the second quarter of 2010 compared to the same period of 2009, primarily as a result of the disposition of Taxi. Partially offsetting the decrease was a \$6.4 million increase in site-lease expenses associated with the increase in revenue. SG&A expenses increased \$12.7 million during the second quarter of 2010 compared to the same period of 2009 primarily as a result of a \$9.5 million increase related to the unfavorable impact of litigation, in addition to a \$5.7 million increase primarily related to selling and marketing costs associated with the increase in revenue, partially offset by the disposition of Taxi.

Six Months

Americas revenue increased \$9.0 million during the first six months of 2010 compared to the same period of 2009 as a result of increased revenue across our advertising inventory, particularly digital. The increase was driven by an increase in both occupancy and rate. Partially offsetting the revenue increase was the decrease in revenue related to Taxi.

Direct operating expenses decreased \$10.0 million during the first six months of 2010 compared to the same period of 2009. The decline in direct operating expenses was primarily as a result of the disposition of Taxi, partially offset by an \$11.1 million increase in site-lease expenses associated with the increase in revenue. SG&A expenses increased \$8.3 million during the first six months of 2010 compared to the same period of 2009 primarily as a result of a \$5.7 million increase related to the unfavorable impact of litigation, in addition to a \$3.5 million increase in selling and marketing costs associated with the increase in revenue, partially offset by the disposition of Taxi.

International Results of Operations

Our International operating results were as follows:

| (In thousands) | Three Months Ended | | | Six Months Ended | | |
|-------------------------------|--------------------|------------|--------|------------------|-------------|--------|
| | June 30, | | % | June 30, | | % |
| | 2010 | 2009 | Change | 2010 | 2009 | Change |
| Revenue | \$ 377,638 | \$ 376,564 | 0% | \$ 715,429 | \$ 688,593 | 4% |
| Direct operating expenses | 241,586 | 243,554 | (1%) | 481,164 | 478,282 | 1% |
| SG&A expenses | 66,617 | 69,944 | (5%) | 133,497 | 138,869 | (4%) |
| Depreciation and amortization | 49,570 | 56,948 | (13%) | 101,828 | 112,206 | (9%) |
| Operating income (loss) | \$ 19,865 | \$ 6,118 | 225% | \$ (1,060) | \$ (40,764) | 97% |

Three Months

International revenue increased \$1.1 million during the second quarter of 2010 compared to the same period of 2009. Strong revenue performance from billboards in the U.K. as well as street furniture across most countries was partially offset by the exit from transit contracts in Spain and from businesses in Greece and India, as well as a \$9.1 million decrease from movements in foreign exchange.

Direct operating expenses decreased \$2.0 million during the second quarter of 2010 compared to the same period of 2009, primarily from a \$7.1 million decrease from movements in foreign exchange and a \$4.0 million decline in site-lease expenses as a result of cost savings from our restructuring program. Partially offsetting the decrease was an increase of \$7.2 million primarily related to severance costs associated with our restructuring program. SG&A expenses decreased \$3.3 million during the second quarter of 2010 compared to the same period of 2009 primarily from a \$2.0 million decrease from movements in foreign exchange.

Depreciation and amortization decreased \$7.4 million during the second quarter of 2010 compared to the same period of 2009 primarily as a result of assets that became fully amortized during 2009.

Six Months

International revenue increased \$26.8 million during the first six months of 2010 compared to the same period of 2009, primarily as a result of a \$15.9 million increase in foreign exchange. Strong revenue performance from billboards in the U.K. as well as street furniture across most countries was partially offset by the exit from transit contracts in Spain and from businesses in Greece, India and the U.K. taxi business.

Direct operating expenses increased \$2.9 million during the first six months of 2010 compared to the same period of 2009. A \$10.5 million increase from movements in foreign exchange along with a \$3.5 million increase primarily related to severance costs associated with our restructuring program were partially offset by an \$11.9 million decline in site-lease expenses associated with cost savings from our restructuring program. SG&A expenses decreased \$5.4 million during the first six months of 2010 compared to the same period of 2009. A \$2.4 million decline in bad debt expense and a \$3.2 million decrease in business tax were partially offset by a \$2.9 million increase from movements in foreign exchange.

Depreciation and amortization decreased \$10.4 million during the first six months of 2010 compared to the same period of 2009 primarily as a result of assets that became fully amortized during 2009.

Reconciliation of Segment Operating Income (Loss) to Consolidated Operating Income (Loss)

| (In thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--------------------------------------|--------------------------------|--------------|------------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Americas | \$ 59,667 | \$ 57,540 | \$ 97,408 | \$ 87,358 |
| International | 19,865 | 6,118 | (1,060) | (40,764) |
| Corporate expenses | (23,757) | (15,653) | (44,529) | (29,899) |
| Impairment charges | | (812,390) | | (812,390) |
| Other operating income - net | 1,720 | 4,353 | 2,738 | 8,965 |
| Consolidated operating income (loss) | \$ 57,495 | \$ (760,032) | \$ 54,557 | \$ (786,730) |

Share-Based Compensation Expense

The following table details amounts related to share-based compensation expense for the three and six months ended June 30, 2010 and 2009, respectively:

| (In thousands) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--------------------------------|----------|------------------------------|----------|
| | 2010 | 2009 | 2010 | 2009 |
| Americas | \$ 2,316 | \$ 2,028 | \$ 4,346 | \$ 4,196 |
| International | 692 | 613 | 1,295 | 1,269 |
| Corporate | 97 | 207 | 181 | 429 |
| Total share-based compensation expense | \$ 3,105 | \$ 2,848 | \$ 5,822 | \$ 5,894 |

LIQUIDITY AND CAPITAL RESOURCES

Clear Channel Communications Merger

Clear Channel Communications capitalization, liquidity and capital resources substantially changed due to the consummation of its merger on July 30, 2008 with entities formed by private equity funds sponsored by Bain Capital, LLC and Thomas H. Lee Partners, L.P. Upon the closing of the merger, Clear Channel Communications incurred additional debt and became highly leveraged.

Also, so long as Clear Channel Communications maintains a significant interest in us, pursuant to the Master Agreement between Clear Channel Communications and us, Clear Channel Communications will have the option to limit our ability to incur debt or issue equity securities, among other limitations, which could adversely affect our ability to meet our liquidity needs.

The following discussion highlights our cash flow activities during the six months ended June 30, 2010 and 2009 respectively.

Cash Flows

| (In thousands) | Six Months Ended June 30, | |
|------------------------------|---------------------------|-------------|
| | 2010 | 2009 |
| Cash provided by (used for): | | |
| Operating activities | \$ 172,937 | \$ 139,651 |
| Investing activities | \$ (85,718) | \$ (61,112) |
| Financing activities | \$ (71,470) | \$ (64,391) |

Operating Activities

The increase in cash flow from operations for the six months ended June 30, 2010 compared to the same period of the prior year was primarily driven by improved profitability, including a 3% increase in revenues. Cash flows from operations increased as a result of a \$35.3 million increase in deferred revenue and an \$18.5 million increase in accrued income taxes, partially offset by a \$25.9 million increase in accounts receivable.

Investing Activities

Net cash used for investing activities of \$85.7 million for the six months ended June 30, 2010 primarily reflects capital expenditures of \$86.7 million. We spent \$39.9 million in our Americas segment primarily related to the construction of new billboards and \$46.8 million in our International segment primarily related to new billboard and street furniture contracts and renewals of existing contracts.

Net cash used for investing activities of \$61.1 million for the six months ended June 30, 2009 primarily reflects capital expenditures of \$34.3 million related to the construction of new billboards in our Americas segment and \$32.5 million related to new billboard and street furniture contracts and renewals of existing contracts in our International segment.

Financing Activities

Net cash used for financing activities of \$71.5 million for the six months ended June 30, 2010 reflects payments on credit facilities and long-term debt of \$43.5 million and \$7.8 million, respectively, and net transfers to Clear Channel Communications of \$23.7 million.

Net cash used for financing activities of \$64.4 million for the six months ended June 30, 2009 primarily reflects payments on credit facilities of \$5.9 million and net transfers of cash to Clear Channel Communications of \$45.5 million. In addition, we purchased the remaining 15% interest in our fully consolidated subsidiary, Paneles Napsa S.A., for \$13.0 million.

Anticipated Cash Requirements

Our primary source of liquidity is cash flow from operations. Based on our current and anticipated levels of operations and conditions in our markets, we believe that cash on hand, cash flows from operations and borrowings under the revolving promissory note with Clear Channel Communications will enable us to meet our working capital, capital expenditure, debt service and other funding requirements for at least the next 12 months.

We expect to be in compliance with the covenants governing our indebtedness in 2010. However, our anticipated results are subject to significant uncertainty and there can be no assurance that we will be able to maintain compliance with these covenants. In addition, our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions.

Furthermore, in its Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010, CC Media Holdings, our indirect parent, stated that it expects to be in compliance with the covenants under Clear Channel Communications' material financing agreements in 2010, including the financial covenant contained in its senior credit facilities that limits the ratio of its consolidated senior secured debt, net of cash and cash equivalents, to its consolidated adjusted EBITDA for the preceding four quarters. CC Media Holdings similarly stated in its Quarterly Report that its anticipated results are also subject to significant uncertainty and there can be no assurance that actual results will be in compliance with the covenants. Moreover, CC Media Holdings stated in its Quarterly Report that its ability to comply with the covenants in Clear Channel Communications' material financing agreements may be affected by events beyond CC Media Holdings' control, including prevailing economic, financial and industry conditions. As discussed therein, the breach of any covenants set forth in Clear Channel Communications' financing agreements would result in a default thereunder, and an event of default would permit the lenders under a defaulted financing agreement to declare all indebtedness thereunder to be due and payable prior to maturity. Moreover, as discussed therein, the lenders under the revolving credit facility under Clear Channel Communications' senior secured credit facilities would have the option to terminate their commitments to make further extensions of revolving credit thereunder. In addition, CC Media Holdings stated in its Quarterly Report that if CC Media Holdings is unable to repay Clear Channel Communications' obligations under any secured credit facility, the lenders under such secured credit facility could proceed against any assets that were pledged to secure such facility. Finally, CC Media Holdings stated in its Quarterly Report that a default or acceleration under any of Clear Channel Communications' material financing agreements, including the Notes, could cause a default under other obligations that are subject to cross-default and cross-acceleration provisions.

For so long as Clear Channel Communications maintains significant control over us, a deterioration in the financial condition of Clear Channel Communications could have the effect of increasing our borrowing costs or impairing our access to capital markets. As of June 30, 2010, Clear Channel Communications had \$1.5 billion recorded as Cash and cash equivalents on its condensed consolidated balance sheets.

Our ability to fund our working capital needs, debt service and other obligations depends on our future operating performance and cash flow. If our future operating performance does not meet our expectations or our plans materially change in an adverse manner or prove to be materially inaccurate, we may need additional financing. We may not be able to secure any such additional financing on terms favorable to us or at all.

SOURCES OF CAPITAL

As of June 30, 2010 and December 31, 2009, we had the following debt outstanding, net of cash and cash equivalents and amounts due from Clear Channel Communications:

| (In thousands) | June 30, 2010 | December 31, 2009 |
|---|---------------------|----------------------|
| CCWH Senior Notes | \$ 2,500,000 | \$ 2,500,000 |
| Credit facility (\$150.0 million sub-limit within Clear Channel Communications \$2.0 billion revolving credit facility) | | 30,000 |
| Other debt | 62,257 | 78,878 |
| Total debt | 2,562,257 | 2,608,878 |
| Less: Cash and cash equivalents | 616,544 | 609,436 |
| Less: Due from Clear Channel Communications | 146,985 | 123,308 |
| | \$ 1,798,728 | \$ 1,876,134 |

We may from time to time repay our outstanding debt or seek to purchase our outstanding equity securities. Such transactions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

Promissory Notes with Clear Channel Communications

We maintain accounts that represent net amounts due to or from Clear Channel Communications, which is recorded as Due from/to Clear Channel Communications on our condensed consolidated balance sheets. The accounts represent our revolving promissory note issued by us to Clear Channel Communications and the revolving promissory note issued by Clear Channel Communications to us in the face amount of \$1.0 billion, or if more or less than such amount, the aggregate unpaid principal amount of all advances. Included in the accounts are the net activities resulting from day-to-day cash management services provided by Clear Channel Communications. At June 30, 2010 and December 31, 2009, the asset recorded in Due from Clear Channel Communications on our condensed consolidated balance sheet was \$147.0 million and \$123.3 million, respectively. At June 30, 2010, we had no borrowings under the cash management note to Clear Channel Communications.

The net interest income for the three and six months ended June 30, 2010 was \$3.8 million and \$7.2 million, respectively. The net interest income for the three and six months ended June 30, 2009 was \$0.1 million and \$0.2 million, respectively. At June 30, 2010 and 2009, the interest rate on the Due from Clear Channel Communications account was 9.25% and 0.09%, respectively, the first of which represented the interest rate on the Notes and the second of which represented the average one-month generic treasury bill rate.

Unlike the management of cash from our U.S. based operations, the amount of cash, if any, which is transferred from our foreign operations to Clear Channel Communications is determined on a basis mutually agreeable to us and Clear Channel Communications, and not on a pre-determined basis. In arriving at such mutual agreement, the reasonably foreseeable cash needs of our foreign operations are evaluated before a cash amount is considered as an excess or surplus amount for transfer to Clear Channel Communications.

Our working capital requirements and capital for general corporate purposes, including acquisitions and capital expenditures, may be provided to us by Clear Channel Communications, in its sole discretion, pursuant to a revolving promissory note issued by us to Clear Channel Communications. Without the opportunity to obtain financing from Clear Channel Communications, we may need to obtain additional financing from banks or other lenders, or through public offerings or private placements of debt or equity, strategic relationships or other arrangements at some future date. As stated above, we may be unable to successfully obtain additional debt or equity financing on satisfactory terms or at all.

As long as Clear Channel Communications maintains a significant interest in us, pursuant to the Master Agreement between Clear Channel Communications and us, Clear Channel Communications will have the option to limit our ability to incur debt or issue equity securities, among other limitations, which could adversely affect our ability to meet our liquidity needs. Under the Master Agreement with Clear Channel Communications, we are limited in our borrowing from third parties to no more than \$400.0 million (including borrowings under the \$150.0 million sub-limit of Clear Channel Communications \$2.0 billion revolving credit facility).

Clear Channel Worldwide Holdings Senior Notes

The Series B Notes indenture restricts, among other things, our ability to incur additional indebtedness and to pay dividends and make other restricted payments. In order to incur additional indebtedness, our consolidated leverage ratio (as defined by the indenture) must generally be no greater than 6.5:1 and, in order to incur additional senior indebtedness, our senior leverage ratio (as defined by the indenture) must be no greater than 3.25:1, in each case after giving pro forma effect to such incurrence. The Company's adjusted EBITDA of \$690.5 million is calculated as the trailing twelve months operating income before depreciation and amortization and other operating income net, plus impairment charges and non-cash compensation, and is further adjusted for certain items, including: (i) an increase for expected cost savings (limited to \$58.8 million in any twelve month period) of \$23.7 million; (ii) an increase of \$39.8 million for non-cash items; (iii) an increase of \$54.0 million related to restructuring charges and other costs/expenses; and (iv) an increase of \$12.3 million for various other items. Our consolidated leverage ratio was 3.7:1 at June 30, 2010, and our senior leverage ratio was also 3.7:1 at June 30, 2010. If these ratios are not met, we have various exceptions that allow us to incur additional indebtedness, such as a \$150 million basket for credit facilities indebtedness and a \$65 million general indebtedness basket. The restrictions on our ability to pay dividends and make other restricted payments are subject to various exceptions, including a \$500 million exception for the payment of dividends and a \$25 million general exception for the making of other restricted payments.

Other Debt

Other debt consists primarily of loans with international banks. At June 30, 2010, approximately \$62.3 million was outstanding as other debt.

Clear Channel Communications Debt Covenants

Clear Channel Communications' senior credit facilities require Clear Channel Communications to comply on a quarterly basis with a financial covenant limiting the ratio of its consolidated senior secured debt, net of cash and cash equivalents, to its consolidated adjusted EBITDA for the preceding four quarters. The maximum ratio under this financial covenant is currently set at 9.5:1 and becomes more restrictive over time beginning in the second quarter of 2013. In its Quarterly Report on Form 10-Q filed with the SEC on August 9, 2010, CC Media Holdings stated that it was in compliance with this covenant as of June 30, 2010.

USES OF CAPITAL

Commitments, Contingencies and Guarantees

We are currently involved in certain legal proceedings. Based on current assumptions, we 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. Future results of operations could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings.

Seasonality

Typically, both our Americas and International segments experience their lowest financial performance in the first quarter of the calendar year, with International historically experiencing a loss from operations in that period. Our Americas segment historically experiences consistent performance in the remainder of our calendar year. Our International segment typically experiences its strongest performance in the second and fourth quarters of our calendar year. We expect this trend to continue in the future.

MARKET RISK

Equity Price Risk

The carrying value of our available-for-sale equity securities is affected by changes in their quoted market prices. It is estimated that a 20% change in the market prices of these securities would change their carrying value and comprehensive loss at June 30, 2010 by \$2.2 million.

Foreign Currency Exchange Rate Risk

We have operations in countries throughout the world. The financial results of our foreign operations are measured in their local currencies. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we operate. We believe we mitigate a small portion of our exposure to foreign currency fluctuations with a natural hedge through borrowings in currencies other than the U.S. dollar. We estimate a 10% increase in the value of the U.S. dollar relative to foreign currencies would have decreased our net loss for the three months ended June 30, 2010 by approximately \$1.0 million and increased our net loss for the six months ended June 30, 2010 by approximately \$1.1 million, and that a 10% decrease in the value of the U.S. dollar relative to foreign currencies would have adjusted our net loss by a corresponding amount.

This analysis does not consider the implications such currency fluctuations could have on the overall economic activity that could exist in such an environment in the United States or the foreign countries or on the results of operations of these foreign entities.

Inflation

Inflation is a factor in the economies in which we do business and we continue to seek ways to mitigate its effect. Inflation has affected our performance in terms of higher costs for wages, salaries and equipment. Although the exact impact of inflation is indeterminable, we believe we have offset these higher costs by increasing the effective advertising rates of most of our outdoor display faces.

Cautionary Statement Concerning Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Except for the historical information, this report contains various forward-looking statements which represent our expectations or beliefs concerning future events, including without limitation, our future operating and financial performance and availability of capital and the terms thereof. Statements expressing expectations and projections with respect to future matters are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could impact our future performance. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and performance. There can be no assurance, however, that management's expectations will necessarily come to pass. We do not intend, nor do we undertake any duty, to update any forward-looking statements.

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

risks associated with a global economic downturn and its impact on capital markets;

other general economic and political conditions in the United States and in other countries in which we currently do business, including those resulting from recessions, political events and acts or threats of terrorism or military conflicts;

the risk that our restructuring program may not be entirely successful;

the impact of the geopolitical environment;

industry conditions, including competition;

fluctuations in operating costs;

technological changes and innovations;

changes in labor conditions;

legislative or regulatory requirements;

capital expenditure requirements;

fluctuations in exchange rates and currency values;

the outcome of pending and future litigation;

changes in interest rates;

taxes;

shifts in population and other demographics;

access to capital markets and borrowed indebtedness;

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the risk that we may not be able to integrate the operations of recently acquired companies successfully;

the impact of the above and similar factors on Clear Channel Communications, our primary direct or indirect external source of capital; and

certain other factors set forth in our filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2009.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative and is not intended to be exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Required information is presented under MARKET RISK within Item 2 of this Part I.

Item 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we have carried out an evaluation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2010 to ensure that information we are required to disclose in reports that are filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

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

Part II OTHER INFORMATION

Item 1. Legal Proceedings

On or about July 12, 2006, two of the Company's operating businesses in the Sao 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 the Company's businesses fall within the definition of communication services and as such are subject to the VAT. The aggregate amount of tax initially claimed to be owed by both businesses equals approximately \$67 million, comprised of approximately \$19.4 million in taxes, approximately \$38.9 million in penalty and approximately \$8.7 million in interest (as of June 30, 2010 at an exchange rate of 0.57). In addition, the taxing authority is seeking to impose an additional aggregate amount of interest on the tax and penalty amounts until the initial tax, penalty and interest are paid of approximately \$32.6 million (as of June 30, 2010 at an exchange rate of 0.57). The aggregate amount of additional interest accrues daily at an interest rate promulgated by the Brazilian government, which at June 30, 2010 is equal to approximately \$0.69 million per month.

The Company has filed petitions to challenge the imposition of this tax against each of its businesses, which are proceeding separately. The Company's challenge for L&C Outdoor Ltda. was unsuccessful at the first administrative level, but successful at the second administrative level. The state taxing authority has filed an appeal to the next administrative level which requires consideration by a full panel of 16 administrative law judges. The Company's challenge for Publicidad Klimes Sao Paulo Ltda. was unsuccessful at the first administrative level, and denied at the second administrative level on or about September 24, 2009. The Company is appealing to the third administrative level which has a panel of 16 judges. If the Company is not successful with either of its administrative petitions, it may appeal to the judicial level.

We are currently 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 these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our 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.

Item 1A. Risk Factors

For information regarding our risk factors, please refer to Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2009. There have not been any material changes in the risk factors disclosed in the 2009 Annual Report on Form 10-K.

Additional information relating to risk factors is described in Management's Discussion and Analysis of Financial Condition and Results of Operations under Cautionary Statement Concerning Forward-Looking Statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth the Company's purchases of our Class A common stock registered pursuant to Section 12 of the Exchange Act that occurred during the quarter ended June 30, 2010:

| Period | Total Number of Shares Purchased (1) | Average Price Paid per Share (2) | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|--------------------------|--------------------------------------|----------------------------------|--|--|
| April 1 through April 30 | | | | |
| May 1 through May 31 | 14,179 | \$ 9.02 | | |
| June 1 through June 30 | | | | |
| Total | 14,179 | \$ 9.02 | | |

- (1) The shares indicated consist of shares tendered by employees to the Company during the three months ended June 30, 2010 to satisfy the employees' tax withholding obligations in connection with the vesting and release of restricted shares, which are repurchased by the Company based on their fair market value on the date the relevant transaction occurs.
- (2) The calculation of the average price paid per share does not give effect to any fees, commissions or other costs associated with the repurchase of such shares.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

| Exhibit Number | Description |
|----------------|---|
| 10.1 | Amended and Restated Employment Agreement, dated as of June 23, 2010, by and among Clear Channel Communications, Inc., CC Media Holdings, Inc. and Mark P. Mays (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 24, 2010). |
| 10.2 | Second Amendment, dated as of June 23, 2010, to the Senior Executive Option Agreement dated July 30, 2008 and amended as of October 14, 2008 between Mark P. Mays and CC Media Holdings, Inc. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 24, 2010). |
| 11* | Statement re: Computation of Per Share Earnings. |
| 31.1* | Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2* | Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1** | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2** | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

* Filed herewith.

** Furnished herewith.

Signatures

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

August 9, 2010

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

/s/ Scott D. Hamilton
Scott D. Hamilton
Chief Accounting Officer

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