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

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2012

[ ] 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)

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 montl (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 [X] 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 poste 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 [X] No [ ]

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

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

Class	Outstandingat July 31, 2012
Class A Common Stock, $.01 par value	41,965,132
Class B Common Stock, $.01 par value	315,000,000

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

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PART I -- FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

(In thousands)		June 30, 2012 (Unaudited)		December 31, 2011
CURRENT ASSETS				
Cash and cash equivalents	$	491,328	$	542,655
Accounts receivable, net		690,466		702,091
Other current assets		218,790		208,982
Total Current Assets		1,400,584		1,453,728
PROPERTY, PLANT AND EQUIPMENT				
Structures, net		1,920,953		1,950,437
Other property, plant and equipment, net		293,486		296,273
INTANGIBLE ASSETS AND GOODWILL				
Definite-lived intangibles, net		590,284		618,526
Indefinite-lived intangibles		1,106,265		1,105,704
Goodwill		853,869		857,193
OTHER ASSETS				
Due from Clear Channel Communications		712,310		656,040
Other assets		178,096		150,284
Total Assets	$	7,055,847	$	7,088,185
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$	561,249	$	607,197
Deferred income		146,464		89,980
Current portion of long-term debt		23,051		23,806
Total Current Liabilities		730,764		720,983
Long-term debt		4,719,185		2,522,103
Deferred tax liability		799,353		822,932
Other long-term liabilities		284,137		281,940
Commitments and contingent liabilities (Note 6)				
SHAREHOLDERS' EQUITY				
Noncontrolling interest		235,445		231,530
Class A common stock		421		411
Class B common stock		3,150		3,150
Additional paid-in capital		4,517,675		6,684,497
Retained deficit		(3,983,389)		(3,931,403)
Accumulated other comprehensive loss		(249,921)		(246,988)
Cost of shares held in treasury		(973)		(970)
Total Shareholders' Equity		522,408		2,740,227
Total Liabilities and Shareholders' Equity	$	7,055,847	$	7,088,185

See Notes to Consolidated Financial Statements

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

(In thousands, except per share data)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Revenue	$ 761,326	$ 789,208	$ 1,412,609	$ 1,439,42
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	406,895	415,472	800,948	806,85
Selling, general and admin expenses (excludes depreciation and amortization)	132,285	142,937	285,434	266,11
Corporate expenses (excludes depreciation and amortization)	27,838	23,038	52,148	45,02
Depreciation and amortization	99,668	105,600	192,005	207,93
Other operating income – net	2,746	4,300	6,749	9,10
Operating income	97,386	106,461	88,823	122,60
Interest expense	102,953	60,803	170,784	121,78
Interest income on Due from Clear Channel Communications	16,089	10,518	32,069	19,57
Equity in earnings (loss) of nonconsolidated affiliates	(157)	673	264	60
Other income (expense) – net	(1,631)	(277)	(2,125)	2,83
Income (loss) before income taxes	8,734	56,572	(51,753)	23,82
Income tax benefit (expense)	(8,082)	(22,360)	7,212	(5
Consolidated net income (loss)	652	34,212	(44,541)	23,82
Less amount attributable to noncontrolling interest	8,768	7,517	7,445	6,66
Net income (loss) attributable to the Company	$ (8,116)	$ 26,695	$ (51,986)	$ 17,15
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(38,343)	28,366	(4,832)	66,38
Unrealized gain (loss) on marketable securities	(279)	59	10	14
Reclassification adjustment	91	(1,949)	154	52
Other comprehensive income (loss)	(38,531)	26,476	(4,668)	67,05
Comprehensive income (loss)	(46,647)	53,171	(56,654)	84,20
Less amount attributable to noncontrolling interest	(1,546)	3,832	(1,735)	6,13
Comprehensive income (loss) attributable to the Company	$ (45,101)	$ 49,339	$ (54,919)	$ 78,07
Net income (loss) attributable to the Company:				
Basic	$ (0.04)	$ 0.07	$ (0.19)	$ 0.0
Weighted average common shares outstanding – Basic	356,944	355,883	356,655	355,83
Diluted	$ (0.04)	$ 0.07	$ (0.19)	$ 0.0
Weighted average common shares outstanding – Diluted	356,944	356,658	356,655	356,62
Dividends declared per share	$ -	$ -	$ 6.08	$

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, 2012	Six Months Ended June 30, 2011
Cash flows from operating activities:		
Consolidated net income (loss)	$ (44,541)	$ 23,820
Reconciling items:		
Depreciation and amortization	192,005	207,930
Deferred taxes	(24,184)	(16,425)
Provision for doubtful accounts	2,906	3,311
Other reconciling items – net	5,296	(3,866)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	4,964	(3,535)
Increase in deferred income	56,511	48,615
Decrease in accrued expenses	(20,576)	(32,894)
Increase (decrease) in accounts payable and other liabilities	(14,382)	3,400
Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions	2,191	(33,924)
Net cash provided by operating activities	160,190	196,432
Cash flows from investing activities:		
Purchases of property, plant and equipment	(130,796)	(105,774)
Purchases of other operating assets	(9,830)	(3,834)
Proceeds from disposal of assets	7,195	10,178
Change in other – net	(3,425)	794
Net cash used for investing activities	(136,856)	(98,636)
Cash flows from financing activities:		
Draws on credit facilities	4,361	
Payments on credit facilities	(1,962)	(1,893)
Proceeds from long-term debt	2,200,000	
Payments on long-term debt	(6,262)	(5,878)
Net transfers to Clear Channel Communications	(56,279)	(100,155)
Deferred financing charges	(40,002)	
Dividends paid	(2,170,396)	
Change in other – net	(1,878)	(4,608)
Net cash used for financing activities	(72,418)	(112,534)
Effect of exchange rate changes on cash	(2,243)	7,232
Net decrease in cash and cash equivalents	(51,327)	(7,506)
Cash and cash equivalents at beginning of period	542,655	624,018
Cash and cash equivalents at end of period	$ 491,328	$ 616,512

See Notes to Consolidated Financial Statements

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 anc Exchange Commission ("SEC") and, in the opinion of management, include all normal and recurring adjustments necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due 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 2011 Annual Report on Form 10-K and Quarterly Report on Form 10-Q for the peric ended March 31, 2012.

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, Clea Channel Communications, Inc. ("Clear Channel Communications"). These allocations were made on a specifically identifiable basis or using relative percentages of headcount or other methods management considered to be a reasonable reflection of the utilization of services provided. Also included in the consolidated financial statements are entities for which the Company has a controlling financial interest or is the primary beneficiary. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock 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 2012 presentation.

During the first quarter of 2012, and in connection with the appointment of the Company's new chief executive officer, the Company reevaluated its segment reporting and determined that its Latin American operations were more appropriately aligned with the operations of its International segment. As a result, the operations of Latin America are no longer reflected within the Company's Americas segment and are currently included in the results of its International segment. Accordingly, the Company has restated the corresponding segment disclosures for prior periods.

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, 2012 and December 31, 2011, respectively:

(In thousands)		June 30, 2012		December 31, 2011
Land, buildings and improvements	$	206,266	$	204,54
Structures		2,858,625		2,783,43
Furniture and other equipment		118,745		111,48
Construction in progress		60,801		57,50
		3,244,437		3,156,96
Less: accumulated depreciation		1,029,998		910,25
Property, plant and equipment, net	$	2,214,439	$	2,246,71

Definite-lived Intangible Assets

The Company has definite-lived intangible assets which consist primarily of transit and street furniture contracts and other contractual rights, all of which are amortized over the shorter either the respective lives of the agreements or over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows. The Company periodically reviews the appropriateness of the amortization periods related to its definite-lived intangible assets. These assets are recorded at cost.

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at June 30, 2012 and December 31, 2011, respectively:

(In thousands)	June 30, 2012		December 31, 2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Transit, street furniture and other contractual rights	$ 779,418	$ (365,941)	$ 773,238	$ (329,563
Other	178,806	(1,999)	176,779	(1,928
Total	$ 958,224	$ (367,940)	$ 950,017	$ (331,491

Total amortization expense related to definite-lived intangible assets for the three months ended June 30, 2012 and 2011 was $19.8 million and $23.4 million, respectively. Total amortization expense related to definite-lived intangible assets for the six months ended June 30, 2012 and 2011 was $37.1 million and $46.4 million, respectively.

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)	
2013	$ 72,686
2014	67,935
2015	50,698
2016	43,296
2017	30,731

Indefinite-lived Intangible Assets

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

Goodwill

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

(In thousands)	Americas	International	Total
Balance as of December 31, 2010	$ 571,932	$ 290,310	$ 862,24
Foreign currency	-	(6,898)	(6,898
Impairment	-	(1,146)	(1,146
Acquisitions	-	2,995	2,99
Balance as of December 31, 2011	571,932	285,261	857,19
Foreign currency	-	(3,324)	(3,324
Balance as of June 30, 2012	$ 571,932	$ 281,937	$ 853,86

NOTE 3 – LONG-TERM DEBT

Long-term debt at June 30, 2012 and December 31, 2011, respectively, consisted of the following:

(In thousands)		June 30, 2012		December 31, 2011
Clear Channel Worldwide Holdings Senior Notes:				
9.25% Series A Senior Notes Due 2017	$	500,000	$	500,00
9.25% Series B Senior Notes Due 2017		2,000,000		2,000,00
Clear Channel Worldwide Holdings Senior Subordinated Notes:				
7.625% Series A Senior Subordinated Notes Due 2020		275,000		
7.625% Series B Senior Subordinated Notes Due 2020		1,925,000		
Other debt		42,236		45,90
Total debt		4,742,236		2,545,90
Less: current portion		23,051		23,80
Total long-term debt	$	4,719,185	$	2,522,10

The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately $4.9 billion and $2.7 billion at June 30, 2012 and December 31, 2011, respectively.

Clear Channel Worldwide Holdings Senior Subordinated Notes Issuance

During the first quarter of 2012, the Company's wholly-owned subsidiary, Clear Channel Worldwide Holdings, Inc. ("CCWH") issued $275.0 million aggregate principal amount of 7.625% Series A Senior Subordinated Notes due 2020 (the "Series A Subordinated Notes") and $1,925.0 million aggregate principal amount of 7.625% Series B Senior Subordinated Notes due 2020 (the "Series B Subordinated Notes" and collectively with the Series A Subordinated Notes, the "Subordinated Notes"). Interest on the Subordinated Notes is payable to the trustee weekly in arrears and to the noteholders on March 15 and September 15 of each year, beginning on September 15, 2012.

The Subordinated Notes are CCWH's senior subordinated obligations and are fully and unconditionally guaranteed, jointly and severally, on a senior subordinated basis by the Company its wholly-owned subsidiary Clear Channel Outdoor, Inc. ("CCOI"), and certain of the Company's other domestic subsidiaries (collectively, the "Guarantors"). The Subordinated Notes are unsecured senior subordinated obligations that rank junior to all of CCWH's existing and future senior debt, including CCWH's outstanding senior notes, equally with any of CCWH's existing and future senior subordinated debt and ahead of all of CCWH's existing and future debt that expressly provides that it is subordinated to the Subordinated Notes. The guarantees of the Subordinated Notes rank junior to each Guarantor's existing and future senior debt, including CCWH's outstanding senior notes, equally with each Guarantor's existin and future senior subordinated debt and ahead of each Guarantor's existing and future debt that expressly provides that it is subordinated to the guarantees of the Subordinated Notes.

The Series A Subordinated Notes were issued pursuant to an indenture, dated as of March 15, 2012 (the "Series A Subordinated Note Indenture"), among CCWH, the Company, CCOI and the other guarantors named therein (collectively with the Company and CCOI, the "Series A Subordinated Note Guarantors") and U.S. Bank National Association, as trustee (the "Trustee"), and the Series B Subordinated Notes were issued pursuant to an indenture, dated as of March 15, 2012 (the "Series B Subordinated Note Indenture" and together with the Series A Subordinated Note Indenture, the "Subordinated Indentures"), among CCWH, the Company, CCOI and the other guarantors named therein (collectively with the Company and CCOI, the "Series B Subordinated Note Guarantors") and the Trustee.

At any time prior to March 15, 2015, CCWH may redeem the Subordinated Notes, in whole or in part, at a price equal to 100% of the principal amount of the Subordinated Notes plus a "make-whole" premium, together with accrued and unpaid interest, if any, to the redemption date. CCWH may redeem the Subordinated Notes, in whole or in part, on or after March 15 2015, at the redemption prices set forth in the applicable Subordinated Indenture plus accrued and unpaid interest to the redemption date. At any time on or before March 15, 2015, CCWH may elect to redeem up to 40% of the then outstanding aggregate principal amount of the Subordinated Notes at a redemption price equal to 107.625% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net proceeds of one or more equity offerings. Notwithstanding the foregoing, neither the Company nor any of it subsidiaries is permitted to make any purchase of, or otherwise effectively cancel or retire any Series B Subordinated Notes if, after giving effect thereto and, if applicable, any concurre purchase of or other addition with respect to any Series A Subordinated Notes, the ratio of (a) the outstanding aggregate principal amount of the Series A Subordinated Notes to (b) the outstanding aggregate principal amount of the Series B Subordinated Notes shall be greater than 0.25, subject to certain exceptions.

The Series A Subordinated Note Indenture contains covenants that limit the Company's ability and the ability of its restricted subsidiaries to, among other things: (i) incur additional deb or issue certain preferred stock; (ii) engage in certain transactions with affiliates; (iii) create restrictions on dividends or other payments by the restricted subsidiaries; and (iv) merge, consolidate or sell substantially all of the Company's or CCWH's assets. The Series A Subordinated Note Indenture does not include limitations on dividends, stock redemptions or othe distributions or investments or on asset sales. The Series B Subordinated Note Indenture contains covenants that limit the Company's ability and the ability of its restricted subsidiaries t among other things: (i) pay dividends, redeem stock or make other distributions or investments; (ii) incur additional debt or issue certain preferred stock; (iii) transfer or sell assets; (iv) engage in certain transactions with affiliates; (v) create restrictions on dividends or other payments by the restricted subsidiaries; and (vi) merge, consolidate or sell substantially all of th Company's or CCWH's assets. The Subordinated Indentures also provide for customary events of default.

The Company capitalized $40.0 million in fees and expenses associated with the Subordinated Notes offering and is amortizing them through interest expense over the life of the Subordinated Notes.

With the proceeds of the Subordinated Notes (net of the initial purchasers' discount of $33.0 million), CCWH loaned an aggregate amount equal to $2,167.0 million to CCOI. CCOI pai all other fees and expenses of the offering using cash on hand and, with the proceeds of the loans, made a special cash dividend to the Company, which in turn made the special cash dividend (the "CCOH Dividend") on March 15, 2012 in an amount equal to $6.0832 per share to its Class A and Class B stockholders of record at the close of business on March 12, 2012, including Clear Channel Holdings, Inc. ("Clear Channel Holdings") and CC Finco, LLC ("CC Finco"), both wholly-owned subsidiaries of Clear Channel Communications.

Clear Channel Communications' Debt Repayments

On March 15, 2012, using proceeds of the CCOH Dividend distributed to Clear Channel Holdings and CC Finco, together with cash on hand, Clear Channel Communications repaid indebtedness under its senior secured credit facilities in an aggregate amount equal to $1,925.7 million. As a result of the prepayment, the revolving credit commitments under Clear Channel Communications' revolving credit facility were permanently reduced from $1.9 billion to $10.0 million and the sub-limit under which certain of the Company's international subsidiaries may borrow (to the extent that Clear Channel Communications' has not already borrowed against this capacity) was reduced from $145.0 million to $750 thousand. Clear Channel Communications has borrowed the entire sub-limit capacity as of June 30, 2012.

In connection with the Subordinated Notes issuance, Clear Channel Communications used cash on hand to prepay $170.5 million of additional indebtedness under its senior secured credit facilities in order to remain in compliance with its debt covenants.

NOTE 4 – SUPPLEMENTAL DISCLOSURES

Income tax benefit (expense)

The Company's income tax benefit (expense) for the three and six months ended June 30, 2012 and 2011, respectively, consisted of the following components:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Current tax expense	$ (16,785)	$ (19,291)	$ (16,972)	$ (16,430
Deferred tax benefit (expense)	8,703	(3,069)	24,184	16,42
Income tax benefit (expense)	$ (8,082)	$ (22,360)	$ 7,212	$ (5

The effective tax rate is the provision for income taxes as a percent of income before income taxes. The effective tax rates for the three and six months ended June 30, 2012 were 92.5% and 13.9%, respectively, and were primarily impacted by tax losses in certain foreign jurisdictions due to the uncertainty of the ability to utilize those losses in future periods.

The effective tax rate for the three and six months ended June 30, 2011 was 39.5% and 0%, respectively. The 2011 effective tax rate was primarily impacted by the Company's settleme of U.S. federal and state tax examinations. Pursuant to the settlements, the

Company recorded a reduction to income tax expense of approximately $3.7 million to reflect the net tax benefits of the settlements. In addition, the effective rate for the six months ended June 30, 2011 was impacted by the Company's ability to benefit from certain tax loss carry forwards in foreign jurisdictions due to increased taxable income during 2011, where t losses previously did not provide a benefit.

During the six months ended June 30, 2012 and 2011, cash paid for interest and income taxes, net of income tax refunds of $0.6 million and $0.7 million, respectively, was as follows:

(In thousands)	Six Months Ended June 30,	
	2012	2011
Interest	$ 166,280	$ 117,77
Income taxes	34,279	20,04

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 in accordance with ASC 820-10-35. The Company records its investments in these marketable equity securities on th balance sheet as "Other Assets."

The cost, unrealized holding gains or losses, and fair value of the Company's investments at June 30, 2012 and December 31, 2011 are as follows:

(In thousands)	June 30, 2012	December 31, 2011
Cost	$ 3,188	$ 3,18
Gross unrealized losses	-	
Gross unrealized gains	84	7
Fair value	$ 3,272	$ 3,26

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.

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

Brazil Litigation

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

On August 8, 2011, Brazil's National Council of Fiscal Policy (CONFAZ) published a convenio authorizing sixteen states, including the State of São Paulo, to issue an amnesty that would reduce the principal amount of VAT allegedly owed and reduce or waive related interest and penalties. The State of São Paulo ratified the amnesty in late August 2011. On May 10, 2012, the State of São Paulo published an amnesty decree that mirrors the convenio. Klimes and L&C accepted the amnesty on May 24, 2012 by making the aggregate required payment of $10.9 million. On that same day, Klimes and L&C filed petitions to discontinue the tax litigation based on the amnesty payments.

Guarantees

As of June 30, 2012, the Company had $69.9 million in letters of credit outstanding, of which $67.5 million of letters of credit were cash secured. Additionally, as of June 30, 2012, Clea Channel Communications had outstanding commercial standby letters of credit and surety bonds of $17.4 million and $42.7 million, respectively, held on behalf of the Company. These letters of credit and surety bonds relate to various operational matters, including insurance, bid and performance bonds, as well as other items. Letters of credit in the amount of $5.0 million are collateral in support of surety bonds and these amounts would only be drawn under the letter of credit in the event the associated surety bonds were funded and the Company did not honor its reimbursement obligation to the issuers.

In addition, as of June 30, 2012, the Company had outstanding bank guarantees of $51.7 million related to international subsidiaries, of which $4.4 million were backed by cash collateral.

NOTE 7 – RELATED PARTY TRANSACTIONS

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

Included in the accounts are the net activities resulting from day-to-day cash management services provided by Clear Channel Communications. As a part of these services, the Compan maintains collection bank accounts swept daily into accounts of Clear Channel Communications (after satisfying the funding requirements of the Trustee Accounts under the CCWH senior notes and the CCWH Subordinated Notes). In return, Clear Channel Communications funds the Company's controlled disbursement accounts as checks or electronic payments ar 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, 2012 and December 31, 2011, the asset recorded in "Due from Clear Channel Communications" on the condensed consolidated balance sheets was $712.3 million and $656.0 million, respectively. At June 30, 2012, we had no borrowings under the revolving promissory note to Clear Channel Communications.

The net interest income for the three months ended June 30, 2012 and 2011 was $16.1 million and $10.5 million, respectively. The net interest income for the six months ended June 30, 2012 and 2011 was $32.1 million and $19.6 million, respectively. At June 30, 2012 and December 31, 2011, the interest rate on the "Due from Clear Channel Communications" account was 9.25%, which is equal to the fixed interest rate on the CCWH senior notes.

Clear Channel Communications has a multi-currency revolving credit facility with a maturity in July 2014 which includes a 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. In connection with the

Subordinated Notes issuance during the first quarter of 2012, Clear Channel Communications made mandatory prepayments under its senior secured credit facilities in an aggregate amount equal to $1,925.7 million. As a result of the prepayment, the revolving credit commitments under Clear Channel Communications' revolving credit facility were permanently reduced from $1.9 billion to $10.0 million and the sub-limit under which certain of the Company's international subsidiaries may borrow (to the extent that Clear Channel Communications' has not already borrowed against this capacity) was reduced from $145.0 million to $750 thousand. As of June 30, 2012, the Company had no outstanding borrowings under the $750 thousand sub-limit facility. Clear Channel Communications had borrowed the entire sub-limit capacity as of June 30, 2012.

The Company provides advertising space on its billboards for radio stations owned by Clear Channel Communications. For the three months ended June 30, 2012 and 2011, the Company recorded $0.2 million and $0.7 million, respectively, in revenue for these advertisements. For the six months ended June 30, 2012 and 2011, the Company recorded $0.6 millio and $1.7 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) certain executive officer services; (iii) human resources and employee benefits services; (iv) legal and related services; (v) information systems, network and related services; (vi) investment services; (vii) procurement and sourcing support services; and (viii) other general corporate services. These services are charged to the Company based on actual direct costs incurred or allocated by Clear Channel Communications based on headcount, revenue or othe factors on a pro rata basis. For the three months ended June 30, 2012 and 2011, the Company recorded $8.5 million and $6.8 million, respectively, as a component of corporate expenses for these services. For the six months ended June 30, 2012 and 2011, the Company recorded $15.1 million and $12.5 million, respectively, as a component of corporate expenses for thes 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.

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 rate 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 allowance 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 $2.9 million and $3.0 million for the three months ended June 30, 2012 and 2011, respectively. For the six months ended June 30, 2012 and 2011, the Company recorded approximately $5.7 million and $6.0 million, respectively, as a component of selling, general and administrative expenses for these services.

NOTE 8 – EQUITY AND COMPREHENSIVE INCOME

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

(In thousands)

		The Company		Noncontrolling Interests		Consolidated
Balances at January 1, 2012	$	2,508,697	$	231,530	$	2,740,22
Net income (loss)		(51,986)		7,445		(44,541
Dividend		(2,170,396)		-		(2,170,396
Foreign currency translation adjustments		(3,097)		(1,735)		(4,832
Unrealized holding gain on marketable securities		10		-		1
Reclassification adjustment		154		-		15
Other - net		3,581		(1,795)		1,78
Balances at June 30, 2012	$	286,963	$	235,445	$	522,40
Balances at January 1, 2011	$	2,498,261	$	209,794		2,708,05
Net income		17,153		6,667		23,82
Foreign currency translation adjustments		60,251		6,134		66,38
Unrealized holding gain on marketable securities		148		-		14
Reclassification adjustment		520		-		52
Other - net		3,210		(3,479)		(269
Balances at June 30, 2011	$	2,579,543	$	219,116	$	2,798,65

During March 2012, the Company paid the CCOH Dividend, totaling $2,170.4 million, using proceeds from the Subordinated Notes issuance in addition to cash on hand. The CCOH Dividend was determined to represent a return of capital, or liquidating dividend, to the Company's shareholders, which resulted in a reduction to "Additional paid-in capital."

Also, in connection with the CCOH Dividend, all outstanding stock options and restricted stock units as of both March 16, 2012 and March 26, 2012 were modified pursuant to antidilutive provisions contained in the Company's 2005 Stock Incentive Plan. The modification ensured that the intrinsic value of existing stock options and restricted stock units prior t the dividend payment did not decline due to the reduction the Company's stock price that resulted from the dividend. The CCOH Dividend was determined to be an equity restructuring accordance with ASC 718. No incremental compensation cost was or will be recognized as a result of this modification.

NOTE 9 – SEGMENT DATA

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

During the first quarter of 2012 the Company revised its segment reporting, as discussed in Note 1. The following table presents the Company's reportable segment results for the three and six months ended June 30, 2012 and 2011:

(In thousands)	Americas	International	Corporate and other reconciling items	Consolidated
Three months ended June 30, 2012				
Revenue	$ 280,151	$ 371,132	$ -	$ 651,283
Direct operating expenses	144,410	249,643	-	394,053
Selling, general and administrative expenses	52,579	100,570	-	153,149
Depreciation and amortization	42,958	49,035	344	92,337
Corporate expenses	-	-	24,310	24,310
Other operating income - net	-	-	-	
Operating income (loss)	$ 40,204	$ (28,116)	$ (24,654)	$ (12,566
Capital expenditures	$ 28,328	$ 27,662	$ -	$ 55,990
Share-based compensation expense	$ 1,932	$ 1,209	$ 61	$ 3,202

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Three months ended Six Months Ended 2011								
Revenue	$	269,701	$	380,513	$	-	$	650,214
Direct operating expenses		135,950		255,430		-		391,380
Selling, general and administrative expenses		49,558		73,622		-		123,180
Depreciation and amortization		48,622		53,708		-		102,330
Corporate expenses		-		-		21,983		21,983
Other operating income - net		-		-		4,802		4,802
Operating income (loss)	$	35,571	$	(2,247)	$	(17,181)	$	16,143
Capital expenditures	$	31,240	$	15,121	$	-	$	46,361
Share-based compensation expense	$	2,168	$	903	$	42	$	3,113

(In thousands)

	Americas	International	Corporate and other reconciling items	Consolidated
Three months ended June 30, 2012				
Revenue	$ 320,678	$ 440,648	$ -	$ 761,32
Direct operating expenses	143,185	263,710	-	406,89
Selling, general and administrative expenses	44,699	87,586	-	132,28
Depreciation and amortization	48,567	50,710	391	99,66
Corporate expenses	-	-	27,838	27,83
Other operating income - net	-	-	2,746	2,74
Operating income (loss)	$ 84,227	$ 38,642	$ (25,483)	$ 97,38
Capital expenditures	$ 33,780	$ 39,247	$ 1,779	$ 74,80
Share-based compensation expense	$ 1,240	$ 874	$ 40	$ 2,15
Three months ended June 30, 2011				
Revenue	$ 318,217	$ 470,991	$ -	$ 789,20
Direct operating expenses	141,010	274,462	-	415,47
Selling, general and administrative expenses	49,035	93,902	-	142,93
Depreciation and amortization	50,322	55,278	-	105,60
Corporate expenses	-	-	23,038	23,03
Other operating income - net	-	-	4,300	4,30
Operating income (loss)	$ 77,850	$ 47,349	$ (18,738)	$ 106,46
Capital expenditures	$ 34,562	$ 23,979	$ 872	$ 59,41
Share-based compensation expense	$ 1,674	$ 701	$ 33	$ 2,40
Six months ended June 30, 2012				
Revenue	$ 600,829	$ 811,780	$ -	$ 1,412,60
Direct operating expenses	287,595	513,353	-	800,94
Selling, general and administrative expenses	97,278	188,156	-	285,43
Depreciation and amortization	91,525	99,745	735	192,00
Corporate expenses	-	-	52,148	52,14
Other operating income - net	-	-	6,749	6,74
Operating income (loss)	$ 124,431	$ 10,526	$ (46,134)	$ 88,82
Capital expenditures	$ 59,116	$ 66,909	$ 4,771	$ 130,79
Share-based compensation expense	$ 3,172	$ 2,083	$ 101	$ 5,35
Six months ended June 30, 2011				
Revenue	$ 587,918	$ 851,504	$ -	$ 1,439,42
Direct operating expenses	276,960	529,892	-	806,85
Selling, general and administrative expenses	98,593	167,524	-	266,11
Depreciation and amortization	98,944	108,986	-	207,93
Corporate expenses	-	-	45,021	45,02
Other operating income - net	-	-	9,102	9,10
Operating income (loss)	$ 113,421	$ 45,102	$ (35,919)	$ 122,60
Capital expenditures	$ 65,477	$ 39,102	$ 1,195	$ 105,77
Share-based compensation expense	$ 3,842	$ 1,604	$ 75	$ 5,52

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 CCWH (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)	As of June 30, 2012					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 240,990	$ -	$ -	$ 270,712	$ (20,374)	$ 491,32
Accounts receivable, net of allowance	-	-	219,354	471,112	-	690,46
Intercompany receivables	-	182,441	1,409,567	-	(1,592,008)	
Other current assets	1,189	4,125	80,124	133,352	-	218,79
Total Current Assets	242,179	186,566	1,709,045	875,176	(1,612,382)	1,400,58
Property, plant and equipment, net	-	-	1,432,118	782,321	-	2,214,43
Definite-lived intangibles, net	-	-	370,395	219,889	-	590,28
Indefinite-lived intangibles	-	-	1,091,088	15,177	-	1,106,26
Goodwill	-	-	571,932	281,937	-	853,86
Due from Clear Channel Communications	712,310	-	-	-	-	712,31
Intercompany notes receivable	182,026	4,941,175	-	12,191	(5,135,392)	
Other assets	552,347	785,485	1,449,181	60,510	(2,669,427)	178,09
Total Assets	$ 1,688,862	$ 5,913,226	$ 6,623,759	$ 2,247,201	$ (9,417,201)	$ 7,055,84
Accounts payable and accrued expenses	$ (169)	$ 2,026	$ 105,695	$ 474,071	$ (20,374)	$ 561,24
Intercompany payable	1,396,031	-	182,441	13,536	(1,592,008)	
Deferred income	-	-	48,591	97,873	-	146,46
Current portion of long-term debt	-	-	37	23,014	-	23,05
Total Current Liabilities	1,395,862	2,026	336,764	608,494	(1,612,382)	730,76
Long-term debt	-	4,700,000	1,203	17,982	-	4,719,18
Intercompany notes payable	5,813	-	4,845,917	283,662	(5,135,392)	
Deferred tax liability	225	(113)	755,252	43,989	-	799,35
Other long-term liabilities	-	-	132,275	151,862	-	284,13
Total shareholders' equity	286,962	1,211,313	552,348	1,141,212	(2,669,427)	522,40
Total Liabilities and Shareholders' Equity	$ 1,688,862	$ 5,913,226	$ 6,623,759	$ 2,247,201	$ (9,417,201)	$ 7,055,84

(In thousands)	As of December 31, 2011					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 325,696	$ -	$ -	$ 249,448	$ (32,489)	$ 542,65
Accounts receivable, net of allowance	-	-	232,834	469,257	-	702,09
Intercompany receivables	-	183,310	1,435,881	-	(1,619,191)	
Other current assets	2,012	-	79,626	127,344	-	208,98
Total Current Assets	327,708	183,310	1,748,341	846,049	(1,651,680)	1,453,72
Property, plant and equipment, net	-	-	1,448,078	798,632	-	2,246,71
Definite-lived intangibles, net	-	-	378,515	240,011	-	618,52
Indefinite-lived intangibles	-	-	1,090,597	15,107	-	1,105,70
Goodwill	-	-	571,932	285,261	-	857,19
Due from Clear Channel Communications	656,040	-	-	-	-	656,04
Intercompany notes receivable	182,026	2,774,175	-	17,832	(2,974,033)	
Other assets	2,775,720	786,783	1,475,709	61,309	(4,949,237)	150,28
Total Assets	$ 3,941,494	$ 3,744,268	$ 6,713,172	$ 2,264,201	$ (9,574,950)	$ 7,088,18
Accounts payable and accrued expenses	144	1,134	136,226	502,182	(32,489)	607,19
Intercompany payable	1,424,937	-	183,310	10,944	(1,619,191)	
Deferred income	-	-	34,217	55,763	-	89,98
Current portion of long-term debt	-	-	31	23,775	-	23,80
Total Current Liabilities	$ 1,425,081	$ 1,134	$ 353,784	$ 592,664	$ (1,651,680)	$ 720,98
Long-term debt	-	2,500,000	1,265	20,838	-	2,522,10
Intercompany notes payable	7,491	-	2,692,644	273,898	(2,974,033)	
Deferred tax liability	225	(137)	771,105	51,739	-	822,93
Other long-term liabilities	-	1,204	118,650	162,086	-	281,94
Total shareholders' equity	2,508,697	1,242,067	2,775,724	1,162,976	(4,949,237)	2,740,22
Total Liabilities and Shareholders' Equity	$ 3,941,494	$ 3,744,268	$ 6,713,172	$ 2,264,201	$ (9,574,950)	$ 7,088,18

(In thousands)	Three Months Ended June 30, 2012					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ -	$ -	$ 299,006	$ 462,320	$ -	$ 761,32
Operating expenses:						
Direct operating expenses	-	-	128,382	278,513	-	406,89
Selling, general and administrative expenses	-	-	41,208	91,077	-	132,28
Corporate expenses	3,575	-	14,244	10,019	-	27,83
Depreciation and amortization	-	-	47,959	51,709	-	99,66
Other operating income (expense) – net	(126)	-	3,215	(343)	-	2,74
Operating income (loss)	(3,701)	-	70,428	30,659	-	97,38
Interest expense – net	(103)	100,780	2,291	(15)	-	102,95
Interest income on Due from Clear Channel Communications	-	-	(16,089)	-	-	(16,089
Intercompany interest income	3,603	99,355	-	175	(103,133)	
Intercompany interest expense	112	-	102,786	235	(103,133)	
Equity in earnings (loss) of nonconsolidated affiliates	(9,165)	13,715	12,474	(401)	(16,780)	(157
Other income (expense) – net	-	(195)	(6,487)	5,051	-	(1,631
Income (loss) before income taxes	(9,272)	12,095	(12,573)	35,264	(16,780)	8,73
Income tax benefit (expense)	1,156	(97)	3,408	(12,549)	-	(8,082
Consolidated net income (loss)	(8,116)	11,998	(9,165)	22,715	(16,780)	65
Less amount attributable to noncontrolling interest	-	-	-	8,768	-	8,76
Net income (loss) attributable to the Company	$ (8,116)	$ 11,998	$ (9,165)	$ 13,947	$ (16,780)	$ (8,116
Other comprehensive income (loss):						
Foreign currency translation adjustments	1,737	(2)	1,429	(41,507)	-	(38,343
Foreign currency reclassification adjustments	-	-	-	91	-	9
Unrealized gain (loss) on marketable securities	-	-	1	(280)	-	(279
Equity in subsidiary comprehensive income (loss)	(38,722)	(61,444)	(40,152)	-	140,318	
Comprehensive income (loss)	(45,101)	(49,448)	(47,887)	(27,749)	123,538	(46,647
Less amount attributable to noncontrolling interest	-	-	-	(1,546)	-	(1,546
Comprehensive income (loss) attributable to the Company	$ (45,101)	$ (49,448)	$ (47,887)	$ (26,203)	$ 123,538	$ (45,101

(In thousands)	Three Months Ended June 30, 2011					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ -	$ -	$ 295,429	$ 493,779	$ -	$ 789,20
Operating expenses:						
Direct operating expenses	-	-	124,959	290,513	-	415,47
Selling, general and administrative expenses	-	-	45,306	97,631	-	142,93
Corporate expenses	3,136	-	13,390	6,512	-	23,03
Depreciation and amortization	-	-	49,368	56,232	-	105,60
Other operating income – net	-	-	3,438	862	-	4,30
Operating income (loss)	(3,136)	-	65,844	43,753	-	106,46
Interest expense – net	(170)	57,812	2,029	1,132	-	60,80
Interest income on Due from Clear Channel Communications	-	-	10,518	-	-	10,51
Intercompany interest income	3,489	57,915	-	254	(61,658)	
Intercompany interest expense	130	-	61,424	104	(61,658)	
Equity in earnings (loss) of nonconsolidated affiliates	26,449	13,945	18,070	673	(58,464)	67
Other income (expense) – net	-	(81)	(76)	(120)	-	(277
Income (loss) before income taxes	26,842	13,967	30,903	43,324	(58,464)	56,57
Income tax benefit (expense)	(147)	(1,010)	(4,454)	(16,749)	-	(22,360
Consolidated net income (loss)	26,695	12,957	26,449	26,575	(58,464)	34,21
Less amount attributable to noncontrolling interest	-	-	-	7,517	-	7,51
Net income (loss) attributable to the Company	$ 26,695	$ 12,957	$ 26,449	$ 19,058	$ (58,464)	$ 26,69
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	-	-	-	28,366	-	28,36
Foreign currency reclassification adjustments	-	-	-	59	-	5
Unrealized gain (loss) on marketable securities	-	-	-	(1,949)	-	(1,949
Equity in subsidiary comprehensive income (loss)	22,644	19,028	22,644	-	(64,316)	
Comprehensive income (loss)	49,339	31,985	49,093	45,534	(122,780)	53,17
Less amount attributable to noncontrolling interest	-	-	-	3,832	-	3,83
Comprehensive income (loss) attributable to the Company	$ 49,339	$ 31,985	$ 49,093	$ 41,702	$ (122,780)	$ 49,33

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(In thousands)	Six Months Ended June 30, 2012					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ -	$ -	$ 559,479	$ 853,130	$ -	$ 1,412,60
Operating expenses:						
Direct operating expenses		-	258,740	542,208	-	800,94
Selling, general and administrative expenses	-	-	89,927	195,507	-	285,43
Corporate expenses	7,381	-	27,448	17,319	-	52,14
Depreciation and amortization	-	-	90,015	101,990	-	192,00
Other operating income (expense) – net	(242)	-	6,997	(6)	-	6,74
Operating income (loss)	(7,623)	-	100,346	(3,900)	-	88,82
Interest expense – net	(247)	165,755	4,387	889	-	170,78
Interest income on Due from Clear Channel Communications	-	-	(32,069)	-	-	(32,069
Intercompany interest income	7,154	164,204	-	419	(171,777)	
Intercompany interest expense	230	-	171,161	386	(171,777)	
Equity in earnings (loss) of nonconsolidated affiliates	(51,703)	(10,390)	(12,337)	(277)	74,971	26
Other income (expense) – net	-	(301)	(6,482)	4,658	-	(2,125
Income (loss) before income taxes	(52,155)	(12,242)	(61,952)	(375)	74,971	(51,753
Income tax benefit (expense)	169	71	10,249	(3,277)	-	7,21
Consolidated net income (loss)	(51,986)	(12,171)	(51,703)	(3,652)	74,971	(44,541
Less amount attributable to noncontrolling interest	-	-	-	7,445	-	` 7,44
Net income (loss) attributable to the Company	$ (51,986)	$ (12,171)	$ (51,703)	$ (11,097)	$ 74,971	$ (51,986
Other comprehensive income (loss):						
Foreign currency translation adjustments	1,737	(2)	1,420	(7,987)	-	(4,832
Foreign currency reclassification adjustments	-	-	-	154	-	15
Unrealized gain (loss) on marketable securities	-	-	-	10	-	1
Equity in subsidiary comprehensive income (loss)	(4,670)	(10,722)	(6,090)	-	21,482	
Comprehensive income (loss)	(54,919)	(22,895)	(56,373)	(18,920)	96,453	(56,654
Less amount attributable to noncontrolling interest	-	-	-	(1,735)	-	(1,735
Comprehensive income (loss) attributable to the Company	$ (54,919)	$ (22,895)	$ (56,373)	$ (17,185)	$ 96,453	$ (54,919

(In thousands)	Six Months Ended June 30, 2011					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$ -	$ -	$ 544,798	$ 894,624	$ -	$ 1,439,42
Operating expenses:		-			-	
Direct operating expenses	-	-	246,546	560,306	-	806,85
Selling, general and administrative expenses	-	-	90,517	175,600	-	266,11
Corporate expenses	6,088	-	24,907	14,026	-	45,02
Depreciation and amortization	-	-	96,294	111,636	-	207,93
Impairment charge	-	-	-	-	-	
Other operating income – net	-	-	7,596	1,506	-	9,10
Operating income (loss)	(6,088)	-	94,130	34,562	-	122,60
Interest expense – net	(109)	115,625	3,862	2,408	-	121,78
Interest income on Due from Clear Channel Communications	-	-	19,571	-	-	19,57
Intercompany interest income	6,954	115,857	-	502	(123,313)	
Intercompany interest expense	256	-	122,823	234	(123,313)	
Loss on marketable securities	-	-	-	-	-	
Equity in earnings (loss) of nonconsolidated affiliates	16,704	16,036	23,588	601	(56,327)	60
Other income (expense) – net	-	61	(130)	2,903	-	2,83
Income (loss) before income taxes	17,423	16,329	10,474	35,926	(56,327)	23,82
Income tax benefit (expense)	(269)	(354)	6,230	(5,612)	-	(5
Consolidated net income (loss)	17,154	15,975	16,704	30,314	(56,327)	23,82
Less amount attributable to noncontrolling interest	-	-	-	6,666	-	6,66
Net income (loss) attributable to the Company	$ 17,154	$ 15,975	$ 16,704	$ 23,648	$ (56,327)	$ 17,15
Other comprehensive income (loss):						
Foreign currency translation adjustments	-	-	-	66,385	-	66,38
Unrealized gain on marketable securities	-	-	-	520	-	52
Reclassification adjustment	-	-	-	148	-	14
Equity in subsidiary comprehensive income (loss)	60,919	54,947	60,919	-	(176,785)	
Other comprehensive income (loss)	60,919	54,947	60,919	67,053	(176,785)	67,05
Comprehensive income (loss)	78,073	70,922	77,623	90,701	(233,112)	84,20
Less amount attributable to noncontrolling interest	-	-	-	6,134	-	6,13
Comprehensive income (loss) attributable to the Company	$ 78,073	$ 70,922	$ 77,623	$ 84,567	$ (233,112)	$ 78,07

(In thousands)	Six Months Ended June 30, 2012					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Consolidated net income (loss)	$ (51,986)	$ (12,171)	$ (51,703)	$ (3,652)	$ 74,971	$ (44,541
Reconciling items:						
Depreciation and amortization	-	-	90,015	101,990	-	192,00
Deferred taxes	-	24	(15,685)	(8,523)	-	(24,184
Provision for doubtful accounts	-	-	1,313	1,593	-	2,90
Other reconciling items – net	51,945	11,593	12,997	3,732	(74,971)	5,29
Changes in operating assets and liabilities:						
(Increase) decrease in accounts receivable	-	-	12,168	(7,204)	-	4,96
Increase in deferred income	-	-	14,135	42,376	-	56,51
Increase (decrease) in accrued expenses	(312)	893	(21,466)	309	-	(20,576
Increase (decrease) in accounts payable and other liabilities	-	(1,204)	3,489	(28,782)	12,115	(14,382
Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions	580	-	2,441	(830)	-	2,19
Net cash provided by (used for) operating activities	227	(865)	47,704	101,009	12,115	160,19
Cash flows from investing activities:						
Purchases of property, plant and equipment	-	-	(62,670)	(68,126)	-	(130,796
Decrease (increase) in intercompany notes receivable	-	(2,167,000)	(9,406)	2,663	2,173,743	
Dividends from subsidiaries	2,167,000	-	641	-	(2,167,641)	
Purchases of other operating assets	-	-	(1,595)	(8,235)	-	(9,830
Proceeds from disposal of assets	-	-	6,095	1,100	-	7,19
Change in other – net	-	-	(1,000)	(2,425)	-	(3,425
Net cash provided by (used for) investing activities	2,167,000	(2,167,000)	(67,935)	(75,023)	6,102	(136,856
Cash flows from financing activities:						
Draws on credit facilities	-	-	-	4,361	-	4,36
Payments on credit facilities	-	-	-	(1,962)	-	(1,962
Proceeds from long-term debt	-	2,200,000	-	-	-	2,200,00
Payments on long-term debt	-	-	(56)	(6,206)	-	(6,262
Decrease (increase) in intercompany notes payable - net	-	-	2,164,337	9,406	(2,173,743)	
Net transfers to Clear Channel Communications	(56,279)	-	-	-	-	(56,279
Intercompany funding	(31,340)	865	29,952	523	-	
Dividends paid	(2,170,396)	-	(2,167,000)	(641)	2,167,641	(2,170,396
Equity contributions from parent	-	-	-	-	-	
Change in other – net	6,082	(33,000)	(7,002)	(7,960)	-	(41,880
Net cash provided by (used for) financing activities	(2,251,933)	2,167,865	20,231	(2,479)	(6,102)	(72,418
Effect of exchange rate changes on cash	-	-	-	(2,243)	-	(2,243
Net increase (decrease) in cash and cash equivalents	(84,706)	-	-	21,264	12,115	(51,327
Cash and cash equivalents at beginning of period	325,696	-	-	249,448	(32,489)	542,65
Cash and cash equivalents at end of period	$ 240,990	$ -	$ -	$ 270,712	$ (20,374)	$ 491,32

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

(In thousands)	Six Months Ended June 30, 2011					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Consolidated net income (loss)	$ 17,154	$ 15,975	$ 16,704	$ 30,314	$ (56,327)	$ 23,82
Reconciling items:						
Depreciation and amortization	-	-	96,294	111,636	-	207,93
Deferred taxes	-	22	(1,120)	(15,327)	-	(16,425
Provision for doubtful accounts	-	-	289	3,022	-	3,31
Other reconciling items – net	(16,704)	(16,036)	(23,598)	(3,855)	56,327	(3,866
Changes in operating assets and liabilities:						
Decrease in accounts receivable	-	-	14,680	(18,215)	-	(3,535
Increase in deferred income	-	-	16,391	32,224	-	48,61
Increase (decrease) in accrued expenses	-	-	(21,885)	(11,009)	-	(32,894
Increase (decrease) in accounts payable and other liabilities	-	50	27,179	(5,697)	(18,132)	3,40
Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions	458	1,736	(22,274)	(13,844)	-	(33,924
Net cash provided by (used for) operating activities	908	1,747	102,660	109,249	(18,132)	196,43
Cash flows from investing activities:						
Purchases of property, plant and equipment	-	-	(65,307)	(40,467)	-	(105,774
Equity contributions to subsidiaries	-	-	(97)	-	97	
Purchases of businesses and other operating assets	-	-	(3,522)	(312)	-	(3,834
Proceeds from disposal of assets	-	-	6,925	3,253	-	10,17
Decrease in intercompany notes receivable - net						
Change in other – net	-	20,100	879	619	(20,804)	79
Net cash provided by (used for) investing activities	-	20,100	(61,122)	(36,907)	(20,707)	(98,636
Cash flows from financing activities:						
Increase in intercompany notes payable - net	-	-	-	(20,100)	20,100	
Payments on credit facilities	-	-	-	(1,893)	-	(1,893
Proceeds from long-term debt	-	-	-	-	-	
Payments on long-term debt	-	-	-	(5,878)	-	(5,878
Net transfers to Clear Channel Communications	(100,155)	-	-	-	-	(100,155
Intercompany funding	59,967	(21,847)	(41,538)	3,418	-	
Equity contributions from parent	-	-	-	97	(97)	
Change in other – net	729	-	-	(6,041)	704	(4,608
Net cash used for financing activities	(39,459)	(21,847)	(41,538)	(30,397)	20,707	(112,534
Effect of exchange rate changes on cash	-	-	-	7,232	-	7,23
Net increase (decrease) in cash and cash equivalents	(38,551)	-	-	49,177	(18,132)	(7,506
Cash and cash equivalents at beginning of period	426,742	-	-	203,789	(6,513)	624,01
Cash and cash equivalents at end of period	$ 388,191	$ -	$ -	$ 252,966	$ (24,645)	$ 616,51

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

Format of Presentation

Management's discussion and analysis of our financial condition and results of operations ("MD&A") should be read in conjunction with the consolidated financial statements and related footnotes. Our discussion is presented on both a consolidated and segment basis. Our reportable segments are Americas outdoor advertising ("Americas") and International outdoor advertising ("International").

During the first quarter of 2012, and in connection with the appointment of our new chief executive officer, we reevaluated our segment reporting and determined that our Latin American operations were more appropriately aligned within the operations of our International segment. As a result, the operations of Latin America are no longer reflected within our Americas segment and are currently included in the results of our International segment. Accordingly, we have restated the corresponding segment disclosures for prior periods.

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

Management typically monitors our businesses by reviewing the average rates, average revenue per display, occupancy and inventory levels of each of our display types by market. Our advertising revenue is derived from selling advertising space on the displays we own or operate in key markets worldwide, consisting primarily of billboards, street furnitur and transit displays. Part of our long-term strategy for our Americas and International businesses is to pursue the technology of digital displays, including flat screens, LCDs and LEDs, as additions to traditional methods of displaying our clients' advertisements. We are currently installing these technologies in certain markets.

Advertising revenue for our segments is highly correlated to changes in gross domestic product ("GDP") as advertising spending has historically trended in line with GDP, both domestically and internationally. According to the U.S. Department of Commerce, estimated U.S. GDP growth for the second quarter of 2012 was 1.5%. Internationally, our results are impacted by fluctuations in foreign currency exchange rates and economic conditions in the foreign markets in which we have operations.

Executive Summary

The key developments in our business for the three and six months ended June 30, 2012 are summarized below:

- Consolidated revenue decreased $27.9 million including negative foreign exchange movements of $38.1 million during the three months ended June 30, 2012 and decreas $26.8 million including negative foreign exchange movements of $48.8 million during the first six months of 2012 compared to the same periods of 2011. Excluding fore exchange impacts, consolidated revenue increased $10.2 million and $22.0 million, respectively, over the comparable three-month and six-month periods in the prior yea
- Americas revenue increased $2.5 million and $12.9 million during the three and six months ended June 30, 2012, respectively, compared to the same periods of 2011.
- During the six months ended June 30, 2012, we deployed 106 digital displays in the United States, compared to 96 in the six months ended June 30, 2011. We continue t see opportunities to invest in digital displays and expect our digital display deployments will continue throughout 2012.
- International revenue decreased $30.3 million and $39.7 million including negative foreign exchange movements of $37.4 million and $48.1 million during the three and months ended June 30, 2012, respectively, compared to the same periods of 2011. Excluding foreign exchange impacts, revenue increased $7.1 million and $8.4 million, respectively, over the comparable three-month and six-month periods in the prior year. The strengthening of the dollar significantly contributed to the revenue decline in International advertising business. The weakened macroeconomic conditions in Europe had a negative impact on certain countries in which we operate.
- Our wholly-owned subsidiary, Clear Channel Worldwide Holdings, Inc. ("CCWH"), issued $275.0 million aggregate principal amount of 7.625% Series A Senior Subordinated Notes due 2020 and $1,925.0 million aggregate principal amount of 7.625% Series B Senior Subordinated Notes due 2020 (collectively, the "Subordinated Notes") and in connection therewith, we paid a special cash dividend equal to $2,170.4 million. Please refer to the "Clear Channel

Worldwide Holdings Senior Subordinated Notes Issuance" section within this MD&A for further discussion of the Subordinated Notes offering, including the use of the proceeds.

RESULTS OF OPERATIONS

Consolidated Results of Operations

The comparison of our results of operations for the three and six months ended June 30, 2012 to the three and six months ended June 30, 2011 is as follows:

(In thousands)	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2012	2011	Change	2012	2011	Change
Revenue	$ 761,326	$ 789,208	(4)%	$ 1,412,609	$ 1,439,422	(2)%
Direct operating expenses (excludes depreciation and amortization)	406,895	415,472	(2)%	800,948	806,852	(1)%
Selling, general and administrative expenses (excludes depreciation and amortization)	132,285	142,937	(7)%	285,434	266,117	7%
Corporate expenses (excludes depreciation and amortization)	27,838	23,038	21%	52,148	45,021	16%
Depreciation and amortization	99,668	105,600	(6)%	192,005	207,930	(8)%
Other operating income – net	2,746	4,300	(36)%	6,749	9,102	(26)%
Operating income	97,386	106,461	(9)%	88,823	122,604	(28)%
Interest expense	102,953	60,803		170,784	121,786	
Interest income on Due from Clear Channel Communications	16,089	10,518		32,069	19,571	
Equity in earnings (loss) of nonconsolidated affiliates	(157)	673		264	602	
Other income (expense) – net	(1,631)	(277)		(2,125)	2,834	
Income (loss) before income taxes	8,734	56,572		(51,753)	23,825	
Income tax benefit (expense)	(8,082)	(22,360)		7,212	(5)	
Consolidated net income (loss)	652	34,212		(44,541)	23,820	
Less amount attributable to noncontrolling interest	8,768	7,517		7,445	6,666	
Net income (loss) attributable to the Company	$ (8,116)	$ 26,695		$ (51,986)	$ 17,154	

Consolidated Revenue

Our consolidated revenue during the second quarter of 2012 decreased $27.9 million including negative movements in foreign exchange of $38.1 million compared to the same period of 2011. Excluding the impact of foreign exchange movements, consolidated revenue increased $10.2 million. Americas revenue increased $2.5 million driven primarily by our bulletin revenue growth as a result of our continued digital display deployments during 2011 and 2012. Our International revenue decreased $30.3 million including negative movements in foreign exchange of $37.4 million compared to the same period of 2011. Excluding the impact of foreign exchange movements, International revenue increased $7.1 million. Revenue from street furniture contracts was a primary driver of our growth in certain countries, partially offset by declines in others as a result of weakened macroeconomic conditions.

Our consolidated revenue decreased $26.8 million including negative movements in foreign exchange of $48.8 million during the first six months of 2012 compared to the same period of 2011. Excluding the impact of foreign exchange movements, revenue increased $22.0 million. Americas revenue increased $12.9 million, driven primarily by our bulletin revenue growth as a result of our continued deployment of new digital displays and revenue growth from our airports business. Our International revenue decreased $39.7 million including negative movements in foreign exchange of $48.1 million compared to the same period of 2011. Excluding the impact of foreign exchange movements, revenue increased $8.4 million. Street furniture and billboard revenue in certain countries drove our revenue growth, which was partially offset by declines in certain countries as a result of weakened macroeconomic conditions.

Consolidated Direct Operating Expenses

Direct operating expenses decreased $8.6 million including a $23.7 million decline due to the effects of movements in foreign exchange during the second quarter of 2012 compared to the same period of 2011. Americas direct operating expenses increased $2.2 million, primarily due to higher site lease expense associated with our continued deployment o digital bulletins. Direct operating expenses in our International segment decreased $10.8 million including a $23.2 million decline from movements in foreign exchange. The increase in expense excluding the impact of movements in foreign exchange was primarily driven by higher site lease and other expenses as a result of new contracts.

Direct operating expenses decreased $5.9 million including a $31.0 million decline due to the effects of movements in foreign exchange during the first six months of 2012 compared to the same period of 2011. Americas direct operating expenses increased $10.6 million, primarily due to increased site lease expense related to bulletin growth as a result of our continued development of digital displays. Direct operating expenses in our International segment decreased $16.5 million including a $30.5 million decline due to the effects of movements in foreign exchange. The increase in expense excluding the impact of movements in foreign exchange was primarily driven by higher site lease and other expenses as a resul of new contracts.

Consolidated Selling, General and Administrative ("SG&A") Expenses

SG&A expenses decreased $10.7 million including a decrease of $10.3 million due to the effects of movements in foreign exchange during the second quarter of 2012 compare to the same period of 2011. SG&A expenses decreased $4.3 million in our Americas segment due to a favorable court ruling resulting in a $7.8 million decrease partially offset by increased personnel costs and costs associated with strategic revenue initiatives. Our International SG&A expenses decreased $6.3 million including a $10.4 million decline due to the effects of movements in foreign exchange, partially offset by increases in legal and other expenses in Latin America.

SG&A expenses increased $19.3 million including a decrease of $14.1 million due the effects of movements in foreign exchange during the first six months of 2012 compared t the same period of 2011. SG&A expenses in our Americas segment were relatively flat, including a favorable court ruling resulting in a $7.8 million decrease partially offset by additional personnel costs and costs associated with strategic revenue initiatives. Our International SG&A expenses increased $20.6 million including a $14.4 million decline due to the effects of movements in foreign exchange. The increase was primarily due to $22.7 million of expense related to the unfavorable impact of litigation in Latin America, including expens related to the Brazil litigation discussed further in Item 1 of Part II of this Quarterly Report on Form 10-Q.

Corporate Expenses

Corporate expenses increased $4.8 million and $7.1 million during the second quarter and first six months of 2012, respectively, compared to the same periods of 2011, primari related to increased compensation expense.

Depreciation and Amortization

Depreciation and amortization decreased $5.9 million and $15.9 million during the three and six months ended June 30, 2012, respectively, compared to the same periods of 2011, primarily as a result of declines in accelerated depreciation and amortization in our Americas segment due to timing related to the removal of various structures, including the removal of traditional billboards in connection with the continued deployment of digital billboards. Additionally, amortization declined in our International segment primarily as a result of assets that became fully amortized during 2011.

Other Operating Income – Net

Other income of $2.7 million and $6.7 million in the second quarter and first six months of 2012, respectively, primarily related to proceeds received from condemnations of bulletins and buildings.

Interest Expense

Interest expense increased $42.1 million and $49.0 million during the second quarter and first six months of 2012, respectively, compared to the same periods of 2011 primarily as a result of the issuance of the Subordinated Notes during the first quarter of 2012.

Interest Income on Due From Clear Channel Communications

Interest income increased $5.6 million and $12.5 million during the second quarter and first six months of 2012, respectively, compared to the same period of 2011 due to the increase in the balance of the Due from Clear Channel Communications account during 2012.

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 as if we file separate consolidated Federal income tax returns with our subsidiaries.

The effective tax rate is the provision for income taxes as a percent of income before income taxes. The effective tax rates for the three and six months ended June 30, 2012 were 92.5% and 13.9%, respectively, and were primarily impacted by tax losses in certain foreign jurisdictions due to the uncertainty of the ability to utilize those losses in future periods.

The effective tax rate for the three and six months ended June 30, 2011 was 39.5% and 0%, respectively. The 2011 effective tax rate was primarily impacted by our settlement of U.S. federal and state tax examinations. Pursuant to the settlements, we recorded a reduction to income tax expense of approximately $3.7 million to reflect the net tax benefits of the settlements. In addition, the effective rate for the six months ended June 30, 2011 was impacted by our ability to benefit from certain tax loss carry forwards in foreign jurisdictions due increased taxable income during 2011, where the losses previously did not provide a benefit.

Americas Results of Operations

Our Americas operating results were as follows:

(In thousands)	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2012	2011	Change	2012	2011	Change
Revenue	$ 320,678	$ 318,217	1%	$ 600,829	$ 587,918	2%
Direct operating expenses	143,185	141,010	2%	287,595	276,960	4%
SG&A expenses	44,699	49,035	(9%)	97,278	98,593	(1%)
Depreciation and amortization	48,567	50,322	(3%)	91,525	98,944	(7%)
Operating income	$ 84,227	$ 77,850	8%	$ 124,431	$ 113,421	10%

Three Months

Our Americas revenue increased $2.5 million during the second quarter of 2012 compared to the same period of 2011, driven by growth in bulletins as a result of our continued digital display deployments during 2011 and 2012. Our airport revenues grew as a result of increased rates. These increases were partially offset by declines in poster revenues.

Direct operating expenses increased $2.2 million, primarily due to higher site lease expense associated with our continued deployment of digital bulletins. SG&A expenses decreased $4.3 million in our Americas segment as a result of a favorable court ruling resulting in a $7.8 million decrease, partially offset by increased personnel costs and costs associated with strategic revenue initiatives.

Six Months

Our Americas revenue increased $12.9 million during the first six months of 2012 compared to the same period of 2011, primarily from growth in bulletin and airport revenues. Our continued deployment of new digital displays is driving our growth. Our airports growth was driven by increased rates. These increases were partially offset by declines in poster revenues.

Direct operating expenses increased $10.6 million, primarily due to increased site lease expense and production costs primarily as result of our continued deployment of digital bulletins. SG&A expenses were relatively flat due to a favorable court ruling resulting in a $7.8 million decrease offset by higher personnel costs and costs associated with strategic revenue initiatives.

Depreciation and amortization decreased $7.4 million, primarily as a result of declines in accelerated depreciation and amortization in our Americas segment due to timing related to the removal of various structures, including the removal of traditional billboards in connection with the continued deployment of digital billboards.

International Results of Operations

Our International operating results were as follows:

(In thousands)	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2012	2011	Change	2012	2011	Change
Revenue	$ 440,648	$ 470,991	(6%)	$ 811,780	$ 851,504	(5%)
Direct operating expenses	263,710	274,462	(4%)	513,353	529,892	(3%)
SG&A expenses	87,586	93,902	(7%)	188,156	167,524	12%
Depreciation and amortization	50,710	55,278	(8%)	99,745	108,986	(8%)
Operating income	$ 38,642	$ 47,349	(18%)	$ 10,526	$ 45,102	(77%)

Three Months

International revenue decreased $30.3 million during the second quarter of 2012 compared to the same period of 2011, including $37.4 million of unfavorable movements in foreign exchange. Excluding the impact of movements in foreign exchange, countries including Australia, Switzerland, China and the UK experienced increased revenues, primarily related to our street furniture business. New contracts won during 2011 helped drive revenue growth. These increases were partially offset by revenue declines in certain geographies as result of weakened macroeconomic conditions, particularly in France, southern Europe and the Nordic countries.

Direct operating expenses decreased $10.8 million including a $23.2 million decline due to the effects of movements in foreign exchange. The increase in expense excluding the impact of movements in foreign exchange was primarily driven by higher site lease and other expenses as a result of new contracts. SG&A expenses decreased $6.3 million including a $10.4 million decline due to the effects of movements in foreign exchange, partially offset by increases in legal and other expenses in Latin America. Also affecting the increase is $6.3 million included in the second quarter of 2011 resulting from unfavorable litigation.

Depreciation and amortization declined $4.6 million in our International segment primarily as a result of assets that became fully amortized during 2011.

Six Months

International revenue decreased $39.7 million during the first six months of 2012 compared to the first six months of 2011, including $48.1 million of unfavorable movements in foreign exchange. Excluding the impact of movements in foreign exchange, countries including Australia, Switzerland, Belgium and China experienced increased revenues, primarily related to our street furniture business. New contracts won during 2011 helped drive revenue growth. These increases were partially offset by revenue declines in certain geographies as result of weakened macroeconomic conditions, particularly in France, southern Europe and the Nordic countries.

Direct operating expenses decreased $16.5 million including a $30.5 million decline due to the effects of movements in foreign exchange. The increase in expense excluding the impact of movements in foreign exchange was primarily driven by higher site lease and other expenses as a result of new contracts. These increases were partially offset by lower variable costs in countries where revenues have declined.

SG&A expenses increased $20.6 million including a $14.4 million decrease from the effects of movements in foreign exchange. The increase was driven primarily by $22.7 million of expense related to the unfavorable impact of litigation in Latin America, including expenses related to the Brazil litigation discussed further in Item 1 of Part II of this Quarter Report on Form 10-Q. Also contributing to the increase was additional marketing expenses related to sales force initiatives.

Depreciation and amortization declined $9.2 million in our International segment primarily as a result of assets that became fully amortized during 2011.

Reconciliation of Segment Operating Income to Consolidated Operating Income

(In thousands)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Americas	$ 84,227	$ 77,850	$ 124,431	$ 113,42
International	38,642	47,349	10,526	45,10
Corporate expenses	(28,229)	(23,038)	(52,883)	(45,021
Other operating income – net	2,746	4,300	6,749	9,10
Consolidated operating income	$ 97,386	$ 106,461	$ 88,823	$ 122,60

Share-Based Compensation Expense

The following table presents amounts related to share-based compensation expense for the three and six months ended June 30, 2012 and 2011, respectively:

(In thousands)	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Americas	$ 1,240	$ 1,674	$ 3,172	$ 3,84
International	874	701	2,083	1,60
Corporate	40	33	101	7
Total share-based compensation expense	$ 2,154	$ 2,408	$ 5,356	$ 5,52

As of June 30, 2012, there was $22.5 million of total 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.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following discussion highlights our cash flow activities during the three months ended June 30, 2012 and 2011.

(In thousands)	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Cash provided by (used for):		
Operating activities	$ 160,190	$ 196,43
Investing activities	(136,856)	(98,636
Financing activities	(72,418)	(112,534

Operating Activities

Our consolidated net loss, adjusted for $176.0 million of non-cash items, provided positive cash flows of $131.5 million during the first six months of 2012. Our consolidated net income, adjusted for $191.0 million of non-cash items, provided positive cash flows of $214.8 million during the first six months of 2011. Cash provided by operating activities during the six months ended June 30, 2012 was $160.2 million compared to $196.4 million during the six months ended June 30, 2011.

Non-cash items affecting our net loss include depreciation and amortization, deferred taxes, gain on disposal of operating assets, loss on extinguishment of debt, provision for doubtful accounts, share-based compensation, equity in earnings of nonconsolidated affiliates, amortization of deferred financing charges and note discounts – net and other reconciling items – net as presented on the face of the statement of cash flows.

Investing Activities

Cash used for investing activities of $136.9 during the first six months of 2012 primarily reflected capital expenditures of $130.8 million. We spent $59.1 million in our Americas segment primarily related to the construction of new billboards, and $66.9 million in our International segment primarily related to new billboard and street furniture contracts and renewals of existing contracts.

Cash used for investing activities of $98.6 million for the six months ended June 30, 2011 primarily reflected capital expenditures of $105.8 million. We spent $65.5 million in our Americas segment primarily related to the construction of new billboards and $39.1 million in our International segment primarily related to new billboard and street furniture contracts and renewals of existing contracts.

Financing Activities

Cash used for financing activities of $72.4 million for the six months ended June 30, 2012 primarily reflected the payment of the CCOH Dividend (defined below) totaling $2,170.4 million and net transfers of $56.3 million in cash to Clear Channel Communications which represents the activity in the "Due from/to Clear Channel Communications" account The proceeds from the Subordinated Notes issuance of $2.2 billion partially offset the cash used for financing activities.

Cash used for financing activities of $112.5 million for the six months ended June 30, 2011 primarily related to net transfers of cash to Clear Channel Communications which represents the activity in the "Due from/to Clear Channel Communications" account.

Anticipated Cash Requirements

Our primary source of liquidity is cash on hand and cash flow from operations and the revolving promissory note with Clear Channel Communications. 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 borrowing capacity under or repayment of 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. In addition, we expect to be in compliance with the covenants governing our indebtedness in 2012. 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 ou control, including prevailing economic, financial and industry conditions.

Furthermore, in its Quarterly Report on Form 10-Q filed with the SEC on August 1, 2012, Clear Channel Communications stated that it expects to be in compliance with the covenants in its material financing agreements in 2012. Clear Channel Communications similarly stated in such Quarterly Report that its anticipated results are also subject to significan uncertainty and there can be no assurance that actual results will be in compliance with the covenants. Moreover, Clear Channel Communications stated in such Quarterly Report that its ability to comply with the covenants in its material financing agreements may be affected by events beyond its 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 unde the receivables-based credit facility under Clear Channel Communications' senior secured credit facilities would have the option to terminate their commitments to make further extensions of credit thereunder. In addition, Clear Channel Communications stated in such Quarterly Report that if Clear Channel Communications is unable to repay its obligations und any secured credit facility, the lenders could proceed against any assets that were pledged to secure such facility. Finally, Clear Channel Communications stated in such Quarterly Repor that a default or acceleration under any of its material financing agreements could cause a default under other obligations that are subject to cross-default and cross-acceleration provisions. If Clear Channel Communications were to become insolvent, we would be an unsecured creditor of Clear Channel Communications. In such event, we would be treated the same as other unsecured creditors of Clear Channel Communications and, if we were not entitled to the cash previously transferred to Clear Channel Communications, or could not obtain such cash on a timely basis, we could experience a liquidity shortfall.

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, 2012, Clear Channel Communications had $1,317 million recorded as “Cash and cash equivalents” on its condensed consolidated balance sheets.

We frequently evaluate strategic opportunities both within and outside our existing lines of business. We expect from time to time to pursue additional acquisitions and may decide to dispose of certain businesses. These acquisitions or dispositions could be material.

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, 2012 and December 31, 2011, we had the following debt outstanding, cash and cash equivalents and amounts due from Clear Channel Communications:

(In millions)		June 30, 2012		December 31, 2011
Clear Channel Worldwide Holdings Senior Notes	$	2,500.0	$	2,500.
Clear Channel Worldwide Holdings Senior Subordinated Notes		2,200.0		
Other debt		42.2		45.
Total debt		4,742.2		2,545.
Less: Cash and cash equivalents		491.3		542.
Less: Due from Clear Channel Communications		712.3		656.
	$	3,538.6	$	1,347.

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. The accounts accrue interest pursuant to the terms of the promissory notes and are generally payable on demand or when they mature on December 15, 2017. Included in the accounts are the net activities resulting from day-to-day cash management services provided by Clear Channel Communications. At June 30, 2012 and December 31, 2011, the asset recorded in “Due from Clear Channel Communications” on our condensed consolidated balance sheet was $712.3 million and $656.0 million, respectively. At June 30, 2012, we had no borrowings under the cash management note to Clear Channel Communications.

The net interest income for the three months ended June 30, 2012 and 2011 was $16.1 million and $10.5 million, respectively. The net interest income for the six months ended June 30, 2012 and 2011 was $32.1 million and $19.6 million, respectively. At June 30, 2012 and December 31, 2011, the interest rate on the “Due from Clear Channel Communications account was 9.25%, which is equal to the fixed interest rate on the CCWH senior notes.

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 borrowings from third parties to no more than $400.0 million at any one time outstanding, without the prior written consent of Clear Channel Communications.

Clear Channel Worldwide Holdings Senior Notes

The Series A Notes indenture and the Series B Notes indenture governing CCWH's senior notes restrict our ability to incur additional indebtedness but permit us to incur additional indebtedness based on an incurrence test. In order to incur additional indebtedness under this test, our debt to adjusted EBITDA ratios (as defined in the indentures) must be lower than 6.5:1 and 3.25:1 for total debt and senior debt, respectively. The indentures contain certain other exceptions that allow us to incur additional indebtedness. The Series B Note indenture also permits us to pay dividends from the proceeds of indebtedness or the proceeds from asset sales if our debt to adjusted EBITDA ratios (as defined in the indenture) are lower than 6.0:1 and 3.0:1 for total debt and senior debt, respectively. The Series A Notes indenture does not limit our ability to pay dividends. The Series B Notes indenture contains certain exceptions that allow us to incur additional indebtedness and pay dividends, including a $500 million exception for the payment of dividends.

Consolidated leverage ratio, defined as total debt divided by EBITDA for the preceding four quarters was 6.05:1 at June 30, 2012, and senior leverage ratio, defined as senior debt divided by EBITDA for the preceding four quarters was 3.24:1 at June 30, 2012. Our adjusted EBITDA of $785.7 million is calculated as operating income (loss) before depreciation, amortization, impairment charges and other operating income (expense) – net, plus non-cash compensation, and is further adjusted for the following items: (i) an increase of $30.9 million for non-cash items; (ii) an increase of $48.1 million related to costs incurred in connection with the closure and/or consolidation of facilities, retention charges, consulting fees and other permitted activities; and (iii) an increase of $9.3 million for various other items.

Clear Channel Worldwide Holdings Senior Subordinated Notes Issuance

During the first quarter of 2012, CCWH issued the Subordinated Notes. Interest on the Subordinated Notes is payable to the trustee weekly in arrears and to the noteholders on March 15 and September 15 of each year, beginning on September 15, 2012.

The Subordinated Notes are CCWH's senior subordinated obligations and are fully and unconditionally guaranteed, jointly and severally, on a senior subordinated basis by us, our wholly-owned subsidiary Clear Channel Outdoor, Inc. ("CCOI"), and certain of our other domestic subsidiaries (collectively, the "Guarantors"). The Subordinated Notes are unsecured senior subordinated obligations that rank junior to all of CCWH's existing and future senior debt, including CCWH's outstanding senior notes, equally with any of CCWH's existing and future senior subordinated debt and ahead of all of CCWH's existing and future debt that expressly provides that it is subordinated to the Subordinated Notes. The guarantees of the Subordinated Notes rank junior to each Guarantor's existing and future senior debt, including CCWH's outstanding senior notes, equally with each Guarantor's existing and future senior subordinated debt and ahead of each Guarantor's existing and future debt that expressly provides that it is subordinated to the guarantees of the Subordinated Notes.

The $275.0 million aggregate principal amount of 7.625% Series A Subordinated Notes were issued pursuant to an indenture, dated as of March 15, 2012 (the "Series A Subordinated Note Indenture"), among CCWH, us, CCOI and the other guarantors named therein (collectively with us and CCOI, the "Series A Subordinated Note Guarantors") and U.S. Bank National Association, as trustee (the “Trustee”), and the $1,925.0 million aggregate principal amount of 7.625% Series B Subordinated Notes were issued pursuant to an indenture, dated as of March 15, 2012 (the “Series B Subordinated Note Indenture” and together with the Series A Subordinated Note Indenture, the “Subordinated Indentures”), among CCWH, us, CCOI and the other guarantors named therein (collectively with us and CCOI, the “Series B Subordinated Note Guarantors”) and the Trustee.

At any time prior to March 15, 2015, CCWH may redeem the Subordinated Notes, in whole or in part, at a price equal to 100% of the principal amount of the Subordinated Notes plus a “make-whole” premium, together with accrued and unpaid interest, if any, to the redemption date. CCWH may redeem the Subordinated Notes, in whole or in part, on or after March 15, 2015, at the redemption prices set forth in the applicable Subordinated Indenture plus accrued and unpaid interest to the redemption date. At any time on or before March 15, 2015, CCWH may elect to redeem up to 40% of the then outstanding aggregate principal amount of the Subordinated Notes at a redemption price equal to 107.625% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net proceeds of one or more equity offerings. Notwithstanding the foregoing, neither we nor any of our subsidiaries is permitted to make any purchase of, or otherwise effectively cancel or retire any Series B Subordinated Notes if, after giving effect thereto and, if applicable, any concurre purchase of or other addition with respect to any Series A Subordinated Notes, the ratio of (a) the outstanding aggregate principal amount of the Series A Subordinated Notes to (b) the outstanding aggregate principal amount of the Series B Subordinated Notes shall be greater than 0.25, subject to certain exceptions.

The Series A Subordinated Note Indenture contains covenants that limit our ability and the ability of our restricted subsidiaries to, among other things: (i) incur additional debt or issue certain preferred stock; (ii) engage in certain transactions with affiliates; (iii) create restrictions on dividends or other payments by the restricted subsidiaries; and (iv) merge, consolidate or sell substantially all of our or CCWH’s assets. The Series A Subordinated Note Indenture does not include limitations on dividends, stock redemptions or other distributions or investments or on asset sales. The Series B Subordinated Note Indenture contains covenants that limit the our ability and the ability of our restricted subsidiaries to, among other things: (i) pay dividends, redeem stock or make other distributions or investments; (ii) incur additional debt or issue certain preferred stock; (iii) transfer or sell assets; (iv) engage in certain transactions with affiliates; (v) create restrictions on dividends or other payments by the restricted subsidiaries; and (vi) merge, consolidate or sell substantially all of ou or CCWH’s assets. The Subordinated Indentures also provide for customary events of default.

We capitalized $40.0 million in fees and expenses associated with the Subordinated Notes offering and are amortizing them through interest expense over the life of the Subordinated Notes.

With the proceeds of the Subordinated Notes (net of the initial purchasers’ discount of $33.0 million), CCWH loaned an aggregate amount equal to $2,167.0 million to CCOI. CCOI paid all other fees and expenses of the offering using cash on hand and, with the proceeds of the loans, made a special cash dividend to us, and we in turn made the special cash dividend (the “CCOH Dividend”) on March 15, 2012 in an amount equal to $6.0832 per share to our Class A and Class B stockholders of record at the close of business on March 12, 2012, including Clear Channel Holdings, Inc. (“Clear Channel Holdings”) and CC Finco, LLC (“CC Finco”), both wholly-owned subsidiaries of Clear Channel Communications.

Clear Channel Communications’ Debt Repayments

On March 15, 2012, using proceeds of the CCOH Dividend distributed to Clear Channel Holdings and CC Finco, together with cash on hand, Clear Channel Communications repaid indebtedness under its senior secured credit facilities in an aggregate amount equal to $1,925.7 million. As a result of the prepayment, the revolving credit commitments under Clear Channel Communications’ revolving credit facility were permanently reduced from $1.9 billion to $10.0 million and the sub-limit under which certain of the Company’s international subsidiaries may borrow (to the extent that Clear Channel Communications’ has not already borrowed against this capacity) was reduced from $145.0 million to $750 thousand.

Certain of our International subsidiaries may borrow under the sub-limit to the extent Clear Channel Communications has not already borrowed against this capacity and is in compliance with its covenants under the credit facility. The obligations of these International subsidiaries that are borrowers under the revolving credit facility are guaranteed by certain of our material wholly-owned subsidiaries, and secured by substantially all of the assets of such borrowers and guarantors, subject to permitted liens and other exceptions. As of June 30 2012, we had no outstanding borrowings under the $750 thousand sub-limit facility. Clear Channel Communications had borrowed the entire sub-limit capacity as of June 30, 2012.

In connection with the Subordinated Notes issuance, Clear Channel Communications used cash on hand to prepay $170.5 million of additional indebtedness under its senior secured credit facilities in order to remain in compliance with its debt covenants.

Other Debt

Other debt consists primarily of loans with international banks. At June 30, 2012, approximately $42.2 million was outstanding as other debt.

Clear Channel Communications' Debt Covenants

The Clear Channel Communications' senior secured credit facility contains a significant financial covenant which requires Clear Channel Communications to comply on a quarterly basis with a financial covenant limiting the ratio of its consolidated secured debt, net of cash and cash equivalents, to consolidated EBITDA for the preceding four quarters (maximum of 9.5:1). The financial covenant 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 1, 2012, Clear Channel Communications stated that it was in compliance with this covenant as of June 30, 2012.

Uses of Capital

Commitments, Contingencies and Guarantees

We are currently involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued our 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 base 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 cou be materially affected by changes in our assumptions or the effectiveness of our 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 International segment typically experiences its strongest performance in the second and fourth quarters of the calendar year. We expect this trend to continue in the future.

MARKET RISK

We are exposed to market risks arising from changes in market rates and prices, including movements in equity security prices and foreign currency exchange rates.

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 thes securities would change their carrying value and our comprehensive income at June 30, 2012 by $0.7 million.

Foreign Currency Exchange Rate Risk

We have operations in countries throughout the world. 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 have operations. 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. Our foreign operations reported a net gain of $22.5 million an a net loss of $3.7 million for the three and six months ended June 30, 2012, respectively. We estimate a 10% increase in the value of the U.S. dollar relative to foreign currencies would have decreased our net gain in the second quarter of 2012 by $2.3 million. We estimate a 10% increase in the value of the U.S. dollar relative to foreign currencies would have increased our net loss for the six months ended June 30, 2012 by $0.4 million. A 10% decrease in the value of the U.S. dollar relative to foreign currencies during the three and six months ended June 30, 2012 would have increased our net gain and decreased our net loss by a corresponding amount, respectively.

This analysis does not consider the implications that such currency fluctuations could have on the overall economic activity that could exist in such an environment in the U.S. o 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 cost 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, our ability to comply with the covenants in the agreements governing our indebtedness and the 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;
- industry conditions, including competition;
- the level of expenditures on advertising;
- legislative or regulatory requirements;
- fluctuations in operating costs;
- technological changes and innovations;
- changes in labor conditions and management;
- capital expenditure requirements;
- risks of doing business in foreign countries;
- fluctuations in exchange rates and currency values;
- the outcome of pending and future litigation;
- changes in interest rates;
- taxes and tax disputes;
- shifts in population and other demographics;
- access to capital markets and borrowed indebtedness;
- our ability to implement our business strategies;
- the risk that we may not be able to integrate the operations of acquired businesses successfully;
- the risk that our cost savings initiatives may not be entirely successful or that any cost savings achieved from those initiatives may not persist;
- the impact of our substantial indebtedness, including the effect of our leverage on our financial position and earnings;
- the need to allocate significant amounts of our cash flow to make payments on our indebtedness, which in turn could reduce our financial flexibility and ability to fund othe activities;
- our relationship with Clear Channel Communications, including its ability to elect all of the members of our Board of Directors and its ability as our controlling stockholde determine the outcome of matters submitted to our stockholders and certain additional matters governed by intercompany agreements between us;
- the impact of the above and similar factors on Clear Channel Communications, our primary direct or indirect external source of capital, which could have a significant neec capital in the future; and
- certain other factors set forth in our other filings with the Securities and Exchange Commission.

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 ou 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, 2012 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 ou 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 t materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We currently are involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued an estimate of the probable costs for the resolution of those claims for which the occurrence of loss is probable and the amount can be reasonably estimated. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in 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 our financial condition or results operations.

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

Brazil Litigation

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

On August 8, 2011, Brazil's National Council of Fiscal Policy (CONFAZ) published a convenio authorizing sixteen states, including the State of São Paulo, to issue an amnesty that would reduce the principal amount of VAT allegedly owed and reduce or waive related interest and penalties. The State of São Paulo ratified the amnesty in late August 2011. On May 10, 2012, the State of São Paulo published an amnesty decree that mirrors the convenio. Klimes and L&C accepted the amnesty on May 24, 2012 by making the aggregate required payment of $10.9 million. On that same day, Klimes and L&C filed petitions to discontinue the tax litigation based on the amnesty payments.

Stockholder Litigation

Two derivative lawsuits were filed in March 2012 in Delaware Chancery Court by stockholders of the Company, which is an indirect non-wholly owned subsidiary of Clear Channel Communications, which is, in turn, an indirect wholly owned subsidiary of CC Media Holdings. The consolidated lawsuits are captioned In re Clear Channel Outdoor Holdings, Inc. Derivative Litigation, Consolidated Case No. 7315-CS. The complaints name as defendants certain of Clear Channel Communications' and the Company's current and former directors and Clear Channel Communications, as well Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. The Company also is named as a nominal defendant. The complaints allege, among other things, that in December 2009 Clear Channel Communications breached fiduciary duties to the Company and its stockholders by allegedly requiring the Company to agree to amend the terms of a revolving promissory note payable by Clear Channel Communications to the Company to extend the maturity date of the note and to amend the interest rate payable on the note. According to the complaints, the terms of the amended promissory note were unfair to the Company because, among other things, the interest rate was below market. The complaints further allege that Clear Channel Communications was unjustly enriched as a result of that transaction. The complaints also allege that the director defendants breached fiduciary duties to the Company in connection with that transaction and that the transaction constituted corporate waste. On April 4, 2012, the board of directors of the Company formed a special litigation committee consisting of independent directors (the "SLC") to review and investigate plaintiffs' claims and determine the course of action that serves the best interests of the Company and its stockholders. On June 20, 2012, the SLC filed a motion to stay the lawsuits for six months while it completes its review and investigation. In response, on June 27, 2012, plaintiffs filed a motion for an expedited trial, asking the Court to schedule a trial on the merits in October 2012. On July 23, 2012, the Court issued an order granting the motion to stay and denying the motion for an expedited trial.

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, 2011 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. There have not been any material changes in the risk factors disclosed those reports.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth the purchases made during the quarter ended June 30, 2012 by or on behalf of the Company or an affiliated purchaser of shares of our Class A common stock registered pursuant to Section 12 of the Exchange Act:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans Programs
April 1 through April 30	-	-	-	(
May 1 through May 31	-	-	-	(
June 1 through June 30	-	-	-	(
Total	-	-	-	$ 82,934,423 (

(1) On August 9, 2010, Clear Channel Communications, the Company's indirect parent entity, announced that its board of directors approved a stock purchase program under which Cl Channel Communications or its subsidiaries may purchase up to an aggregate of $100 million of the Class A common stock of the Company and/or the Class A common stock of C Media Holdings, the indirect parent entity of Clear Channel Communications. During the quarter ended June 30, 2012, a subsidiary of Clear Channel Communications purchased $692,887 of the Class A common stock of CC Media Holdings (111,291 shares) under the stock purchase program. No shares of the Company's Class A common stock were purchased under the stock purchase program during the quarter ended June 30, 2012. During 2011, a subsidiary of Clear Channel Communications purchased $16,372,690 of the Cl A common stock of the Company (1,553,971 shares) in open market purchases. As a result of these purchases of shares of the Class A common stock of CC Media Holdings and th Class A common stock of the Company, an aggregate of $82,934,423 remains available under the stock purchase program to purchase the Class A common stock of CC Media Holdings and/or the Class A common stock of the Company. The stock purchase program does not have a fixed expiration date and may be modified, suspended or terminated at an time at Clear Channel Communications' discretion.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	Clear Channel Outdoor Holdings, Inc. 2012 Stock Incentive Plan (Incorporated by reference to Exhibit 99.1 to the Clear Channel Outdoor Holdings, Inc. Registration Statement on Form S-8 (File No. 333-181514) filed on May 18, 2012).
10.2	Clear Channel Outdoor Holdings, Inc. Amended and Restated 2006 Annual Incentive Plan (Incorporated by reference to Appendix B to the Clear Channel Outdoor Holdings, Inc. Definitive Proxy Statement on Schedule 14A for its 2012 Annual Meeting of Stockholders filed on April 9, 2012).
10.3	Form of Restricted Stock Unit Agreement under the Clear Channel Outdoor Holdings, Inc. 2005 Stock Incentive Plan, dated May 10, 2012, between Thomas W. Casey and Clear Channel Outdoor Holdings, Inc. (Incorporated by reference to Exhibit 10.49 to the Clear Channel Worldwide Holdings, Inc. Registration Statement on Form S-4 (File No. 333-182265) filed on June 21, 2012).
11*	Statement re: Computation of Income (Loss) Per Share.
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 Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101***	Interactive Data Files.

* Filed herewith.

** Furnished herewith.

*** In accordance with Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

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.

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

August 1, 2012	/s/ SCOTT D. HAMILTON Scott D. Hamilton Senior Vice President, Chief Accounting Officer and Assistant Secretary

EXHIBIT 11 – COMPUTATION OF INCOME (LOSS) PER SHARE

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
NUMERATOR:				
Net income (loss) attributable to the Company – common shares	$ (8,116)	$ 26,695	$ (51,986)	$ 17,154
Less: Participating securities dividends	7,858	235	15,334	1,448
Less: Income (loss) attributable to the Company – unvested shares	-	-	-	
Net income (loss) attributable to the Company per common share – basic and diluted	$ (15,974)	$ 26,460	$ (67,320)	$ 15,706
DENOMINATOR:				
Weighted average common shares outstanding – basic	356,944	355,883	356,655	355,839
Effect of dilutive securities:				
Stock options and restricted stock (1)	-	775	-	78[illegible]
Weighted average common shares outstanding – diluted	356,944	356,658	356,655	356,624
Net income (loss) attributable to the Company per common share:				
Basic	$ (0.04)	$ 0.07	$ (0.19)	$ 0.04
Diluted	$ (0.04)	$ 0.07	$ (0.19)	$ 0.04

(1) Equity awards of 9.9 million and 6.3 million were outstanding as of June 30, 2012 and 2011, respectively, but were not included in the computation of diluted earnings per share because to do so would have been antidilutive.

EXHIBIT 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

I, C. William Eccleshare, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clear Channel Outdoor Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepar

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assura regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audi committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2012

/s/ C. WILLIAM ECCLESHARE
C. William Eccleshare
Chief Executive Officer

EXHIBIT 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

I, Thomas W. Casey, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Clear Channel Outdoor Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepar

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assura regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audi committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 1, 2012

/s/ THOMAS W. CASEY
Thomas W. Casey
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1 – CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Quarterly Report on Form 10-Q (the "Form 10-Q") for the quarter ended June 30, 2012 of Clear Channel Outdoor Holdings, Inc. (the "Issuer").

The undersigned hereby certifies that the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: August 1, 2012

/s/ C. WILLIAM ECCLESHARE
Name: C. William Eccleshare
Title: Chief Executive Officer

EXHIBIT 32.2 – CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This certification is provided pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and accompanies the Quarterly Report on Form 10-Q (the “Form 10-Q”) for the quarter ended June 30, 2012 of Clear Channel Outdoor Holdings, Inc. (the “Issuer”).

The undersigned hereby certifies that the Form 10-Q fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Issuer.

Date: August 1, 2012

By: /s/ THOMAS W. CASEY
Name: Thomas W. Casey
Title: Executive Vice President and Chief Financial Officer