UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013

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

Commission File Number

001-09645

CLEAR CHANNEL COMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Texas	**74-1787539**

(State or other jurisdiction of (I.R.S. Employer Identification No.)

incorporation or organization)

200 East Basse Road

San Antonio, Texas 78209

(Address of principal executive offices) (Zip Code)

(210) 822-2828

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [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 posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [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 "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [ ] Non-accelerated filer [X] 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.

Texas 74-1787

Class	Outstanding at October 31, 2013
~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~
Common Stock, $.001 par value	500,000,000

The registrant meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this form in a reduced disclosure format permitted by General Instruction H(2).

CLEAR CHANNEL COMMUNICATIONS, INC.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)	September 30, 2013 (Unaudited)	December 31, 2012
CURRENT ASSETS		
Cash and cash equivalents	$ 711,052	$ 1,225,010
Accounts receivable, net	1,424,367	1,440,169
Prepaid expenses	185,693	187,639
Other current assets	158,633	134,935
Total Current Assets	2,479,745	2,987,753
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,778,064	1,890,693
Other property, plant and equipment, net	1,103,206	1,146,161
INTANGIBLE ASSETS AND GOODWILL		
Indefinite-lived intangibles - licenses	2,423,953	2,423,979
Indefinite-lived intangibles - permits	1,070,135	1,070,720
Other intangibles, net	1,527,736	1,740,792
Goodwill	4,212,381	4,216,085
OTHER ASSETS		
Other assets	635,961	816,530
Total Assets	$ 15,231,181	$ 16,292,713
CURRENT LIABILITIES		
Accounts payable	$ 121,274	$ 133,226
Accrued expenses	767,285	776,055
Accrued interest	132,114	180,572
Deferred income	193,589	172,672
Other current liabilities	45,080	137,889
Current portion of long-term debt	433,458	381,728
Total Current Liabilities	1,692,800	1,782,142
Long-term debt	19,977,777	20,365,369
Deferred income taxes	1,473,869	1,689,876
Other long-term liabilities	457,487	450,517
Commitments and contingent liabilities (Note 6)		
SHAREHOLDER'S DEFICIT		
Noncontrolling interest	266,890	303,997
Common stock	500	500
Additional paid-in capital	2,141,614	2,135,342
Accumulated deficit	(10,579,402)	(10,281,746)
Accumulated other comprehensive loss	(200,354)	(153,284)
Total Shareholder's Deficit	(8,370,752)	(7,995,191)
Total Liabilities and Shareholder's Deficit	$ 15,231,181	$ 16,292,713

See Notes to Consolidated Financial Statements

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(UNAUDITED)

(In thousands)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Revenue	$ 1,587,522	$ 1,587,331	$ 4,548,677	$ 4,550,548
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	623,872	617,221	1,840,121	1,826,917
Selling, general and administrative expenses (excludes depreciation and amortization)	433,595	424,050	1,257,224	1,253,290
Corporate expenses (excludes depreciation and amortization)	92,204	73,921	253,524	218,621
Depreciation and amortization	177,330	182,350	539,246	539,555
Other operating income, net	6,186	42,118	9,694	47,159
Operating income	266,707	331,907	668,256	759,324
Interest expense	438,404	388,210	1,231,437	1,148,093
Gain on marketable securities	31	-	130,929	-
Equity in earnings of nonconsolidated affiliates	3,983	3,663	13,595	11,914
Loss on extinguishment of debt	-	-	(3,888)	(15,167)
Other income (expense), net	1,709	824	(17,389)	(1,679)
Loss before income taxes	(165,974)	(51,816)	(439,934)	(393,701)
Income tax benefit	73,802	13,232	158,650	179,293
Consolidated net loss	(92,172)	(38,584)	(281,284)	(214,408)
Less amount attributable to noncontrolling interest	9,683	11,977	16,372	18,807
Net loss attributable to the Company	$ (101,855)	$ (50,561)	$ (297,656)	$ (233,215)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	40,502	21,219	(28,526)	17,928
Unrealized gain on securities and derivatives:				
Unrealized holding gain on marketable securities	13	16,668	15,619	17,399
Unrealized holding gain on cash flow derivatives	17,114	11,808	48,180	36,322
Other adjustments to comprehensive income (loss)	-	(688)	(998)	(534)
Reclassification adjustment for realized gains on securities included in net income (loss)	(1,433)	-	(83,753)	-

Other comprehensive income (loss)		56,196		49,007		(49,478)		71,115
Comprehensive loss		(45,659)		(1,554)		(347,134)		(162,100)
Less amount attributable to noncontrolling interest		9,169		2,960		(2,408)		877
Comprehensive loss attributable to the Company	$	(54,828)	$	(4,514)	$	(344,726)	$	(162,977)

See Notes to Consolidated Financial Statements

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(In thousands)	Nine Months Ended September 30, 2013	2012
Cash flows from operating activities:		
Consolidated net loss	$ (281,284)	$ (214,408)
Reconciling items:		
Depreciation and amortization	539,246	539,555
Deferred taxes	(195,356)	(157,962)
Provision for doubtful accounts	13,710	11,009
Amortization of deferred financing charges and note discounts, net	93,258	124,262
Share-based compensation	14,093	20,090
Gain on disposal of operating and fixed assets	(9,694)	(47,159)
Gain on marketable securities	(130,929)	-
Equity in earnings of nonconsolidated affiliates	(13,595)	(11,914)
Loss on extinguishment of debt	3,888	15,167
Other reconciling items, net	18,591	18,420
Changes in operating assets and liabilities, net of effects of		
acquisitions and dispositions:		
(Increase) decrease in accounts receivable	3,705	(24,803)
Increase in deferred income	28,176	37,945
Decrease in accrued expenses	(15,314)	(11,301)
Increase (decrease) in accounts payable	(12,128)	1,561
Decrease in accrued interest	(46,716)	(83,180)
Changes in other operating assets and liabilities	(10,808)	(62,604)
Net cash provided by (used for) operating activities	(1,157)	154,678
Cash flows from investing activities:		
Purchases of property, plant and equipment	(197,260)	(260,481)
Purchases of other operating assets	(2,587)	(33,738)
Proceeds from sale of investment securities	135,571	-
Proceeds from disposal of assets	39,797	58,915
Change in other, net	(3,507)	(9,832)
Net cash used for investing activities	(27,986)	(245,136)
Cash flows from financing activities:		
Draws on credit facilities	272,252	604,563
Payments on credit facilities	(23,844)	(1,919,973)
Proceeds from long-term debt	575,051	2,200,000
Payments on long-term debt	(1,223,336)	(438,422)
Payments to repurchase noncontrolling interests	(61,143)	(7,040)
Dividends and other payments to noncontrolling interests	(13,862)	(247,764)
Deferred financing charges	(10,222)	(40,002)
Change in other, net	2,003	5,564
Net cash provided by (used for) financing activities	(483,101)	156,926
Effect of exchange rate changes on cash	(1,714)	1,493
Net increase (decrease) in cash and cash equivalents	(513,958)	67,961
Cash and cash equivalents at beginning of period	1,225,010	1,228,682
Cash and cash equivalents at end of period	$ 711,052	$ 1,296,643

See Notes to Consolidated Financial Statements

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION

Preparation of Interim Financial Statements

The accompanying consolidated financial statements were prepared by Clear Channel Communications, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all normal and recurring adjustments necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for the full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2012 Annual Report on Form 10-K.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Also included in the consolidated financial statements are entities for which the Company has a controlling financial interest or is the primary beneficiary. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the Company are accounted for under the equity method. All significant intercompany transactions are eliminated in the consolidation process. Certain prior-period amounts have been reclassified to conform to the 2013 presentation.

Information Regarding the Company

The Company is a Texas corporation with all of its common stock being held by Clear Channel Capital I, LLC (the "Parent Company"). All of the Parent Company's interests are held by Clear Channel Capital II, LLC, a direct, wholly-owned subsidiary of CC Media Holdings, Inc. ("CCMH"). CCMH was formed in May 2007 by private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. (together, the "Sponsors") for the purpose of acquiring the business of the Company.

Omission of Per Share Information

Net loss per share information is not presented as the Parent Company owns 100% of the Company's common stock. The Company does not have any publicly traded common stock or potential common stock.

Adoption of New Accounting Standards

During the first quarter of 2013, the Company adopted the Financial Accounting Standards Board's ("FASB") ASU No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The amendments are effective for fiscal years (and interim periods within) beginning after December 15, 2012 and sets requirements for presenting information about amounts reclassified out of accumulated other comprehensive income and their corresponding effect on net income. Substantially all of the information required to be disclosed under this amendment are required to be disclosed elsewhere in the financial statements under GAAP. The adoption of this guidance did not have a material effect on the Company's consolidated financial statements.

During the first quarter of 2013, the FASB issued ASU No. 2013-04, *Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date*. This update provides guidance for the recognition, measurement and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date. The amendments are effective for fiscal years (and interim periods within) beginning after December 15, 2013 and are to be applied retrospectively to all prior periods presented for such obligations that exist at the beginning of an entity's fiscal year of adoption. Early adoption is permitted. The Company plans to adopt the standard on a retrospective basis for the first quarter of 2014 for any existing obligations within the scope of this update. The Company is currently evaluating the guidance to determine the potential impact, if any, the adoption may have on its financial results and disclosures.

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

During the first quarter of 2013, the FASB issued ASU No. 2013-05, *Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity of an Investment in a Foreign Entity*. The amendments are effective prospectively for the fiscal years (and interim periods within) beginning after December 15, 2013 and provide clarification guidance for the release of the cumulative translation adjustment under the current GAAP. Early adoption is permitted. The Company plans to adopt the standard for the first quarter of 2014. The Company is currently evaluating the guidance to determine the potential impact, if any, the adoption may have on its financial results and disclosures.

During the third quarter of 2013, the FASB issued ASU No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists.* This update requires unrecognized tax benefits to be offset against a deferred tax asset for a net operating loss carryforward, similar tax loss or tax credit carryforward in certain situations. The amendments are effective prospectively for the fiscal years (and interim periods within) beginning after December 15, 2013. Early adoption is permitted. The Company plans to adopt the standard for the first quarter of 2014. The Company does not expect any material impact upon adopting the standard.

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL

Property, Plant and Equipment

The Company's property, plant and equipment consisted of the following classes of assets at September 30, 2013 and December 31, 2012, respectively.

(In thousands)	September 30, 2013	December 31, 2012
Land, buildings and improvements	$ 696,753	$ 685,431
Structures	3,008,298	2,949,458
Towers, transmitters and studio equipment	439,603	427,679
Furniture and other equipment	456,260	431,757
Construction in progress	112,640	105,394
	4,713,554	4,599,719
Less: accumulated depreciation	1,832,284	1,562,865
Property, plant and equipment, net	$ 2,881,270	$ 3,036,854

Indefinite-lived Intangible Assets

The Company’s indefinite-lived intangible assets consist of Federal Communications Commission (“FCC”) broadcast licenses in its Media and Entertainment (“CCME”) segment and billboard permits in its Americas outdoor advertising segment. Due to significant differences in both business practices and regulations, billboards in the International outdoor advertising segment are subject to long-term, finite contracts unlike the Company’s permits in the United States and Canada. Accordingly, there are no indefinite-lived intangible assets in the International outdoor advertising segment.

Other Intangible Assets

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

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The following table presents the gross carrying amount and accumulated amortization for each major class of other intangible assets at September 30, 2013 and December 31, 2012, respectively:

(In thousands)	September 30, 2013		December 31, 2012	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Transit, street furniture and other outdoor contractual rights	$ 775,701	$ (450,211)	$ 785,303	$ (403,955)
Customer / advertiser relationships	1,212,745	(616,138)	1,210,245	(526,197)
Talent contracts	342,816	(203,873)	344,255	(177,527)
Representation contracts	243,861	(193,051)	243,970	(171,069)
Permanent easements	173,757	-	173,374	-
Other	387,664	(145,535)	387,973	(125,580)
Total	$ 3,136,544	$ (1,608,808)	$ 3,145,120	$ (1,404,328)

Total amortization expense related to definite-lived intangible assets was $70.2 million and $74.3 million for the three months ended September 30, 2013 and 2012, respectively, and $213.2 million and $225.8 million for the nine months ended September 30, 2013 and 2012, 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)		
2014	$	257,198
2015		238,328
2016		219,683
2017		193,684
2018		124,643

Goodwill

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

(In thousands)	CCME	Americas Outdoor Advertising	International Outdoor Advertising	Other	Consolidated
Balance as of December 31, 2011	$ 3,212,427	$ 571,932	$ 285,261	$ 117,098	$ 4,186,718
Acquisitions	24,842	-	-	51	24,893
Dispositions	(489)	-	(2,729)	-	(3,218)
Foreign currency	-	-	7,784	-	7,784
Other	(92)	-	-	-	(92)
Balance as of December 31, 2012	$ 3,236,688	$ 571,932	$ 290,316	$ 117,149	$ 4,216,085
Acquisitions	-	-	-	97	97
Foreign currency	-	-	(1,952)	-	(1,952)
Other	(1,849)	-	-	-	(1,849)
Balance as of September 30, 2013	$ 3,234,839	$ 571,932	$ 288,364	$ 117,246	$ 4,212,381

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 3 – LONG-TERM DEBT

Long-term debt at September 30, 2013 and December 31, 2012, respectively, consisted of the following:

(In thousands)	September 30, 2013	December 31, 2012
Senior Secured Credit Facilities [1]	$ 8,227,494	$ 9,075,465
Receivables Based Facility due 2017	247,000	-
9.0% Priority Guarantee Notes due 2019	1,999,815	1,999,815
9.0% Priority Guarantee Notes due 2021	1,750,000	1,750,000
11.25% Priority Guarantee Notes due 2021	575,000	-
Subsidiary senior revolving credit facility due 2018	-	-
Other secured subsidiary long-term debt [2]	22,348	25,507
Total consolidated secured debt	12,821,657	12,850,787
Senior Cash Pay Notes due 2016	448,128	796,250
Senior Toggle Notes due 2016 [3]	340,009	829,831
Senior Notes due 2021 [4]	781,748	-
Senior Notes [5]	1,436,455	1,748,564
Subsidiary Senior Notes due 2022	2,725,000	2,725,000
Subsidiary Senior Subordinated Notes due 2020	2,200,000	2,200,000
Other subsidiary debt due 2013	3,455	5,586
Purchase accounting adjustments and original issue discount	(345,217)	(408,921)
	20,411,235	20,747,097
Less: current portion	433,458	381,728
Total long-term debt	$ 19,977,777	$ 20,365,369

[1] Term Loan A would have matured during 2014. The outstanding balance was prepaid during the first quarter of 2013. Term Loan B matures 2016. Term Loan C is subject to an amortization schedule with required payments at various dates from 2013 through 2016. Term Loan D, as discussed below, matures 2019.

[2] Other secured subsidiary long-term debt matures at various dates from 2013 through 2028.

[3] Senior Toggle Notes are subject to required payments at various dates from 2013 through 2016.

[4] The Senior Notes due 2021 are subject to required payments at various dates from 2018 through 2021.

[5] The Senior Notes mature at various dates from 2014 through 2027.

The Company's weighted average interest rate at September 30, 2013 and December 31, 2012 were 7.2% and 6.7%, respectively. The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately $19.9 billion and $18.6 billion at September 30, 2013 and December 31, 2012, respectively. Under the fair value hierarchy established by ASC 820-10-35, the market value of the Company's debt is classified as Level 2.

Senior Secured Credit Facility Amendment

During the second quarter of 2013, the Company amended its senior secured credit facility by extending a portion of Term Loan B and Term Loan C loans due 2016 through the creation of a new $5.0 billion Term Loan D due January 30, 2019. The amendment also permitted the Company to make applicable high yield discount obligation catch-up payments beginning in May 2018 with respect to the new Term Loan D and any notes issued in connection with the Company's exchange of its outstanding 10.75% Senior Cash Pay Notes due 2016 and 11.00%/11.75% Senior Toggle Notes due 2016 discussed below.

As of September 30, 2013, the Company's senior secured credit facility consisted of a $3.0 billion Term Loan B, which matures on January 30, 2016, a $197.2 million Term Loan C, which matures on January 30, 2016, and a $5.0 billion Term Loan D, which matures on January 30, 2019.

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The new Term Loan D has the same security and guarantee package as the outstanding Term Loans B and C and borrowings under the new Term Loan D bear interest at a rate equal to, at the Company's option, adjusted LIBOR plus 6.75% or a base rate plus 5.75%.

Senior Notes Exchange

During the second quarter of 2013, the Company completed an exchange offer (the "Note Exchange") with certain holders of its 10.75% Senior Cash Pay Notes due 2016 (the "Outstanding Cash Pay Notes") and 11.00%/11.75% Senior Toggle Notes due 2016 (the "Outstanding Toggle Notes" and collectively with the Outstanding Cash Pay Notes, the "Outstanding Notes") pursuant to which the Company issued $1.2 billion aggregate principal amount (including $421.0 million principal amount issued to, and held by, a subsidiary of the Company) of 14.00% Senior Notes due 2021 (the "Senior Notes due 2021"). In the Note Exchange, $348.1 million aggregate principal amount of Outstanding Cash Pay Notes was exchanged for $348.0 million aggregate principal amount of the Senior Notes due 2021, and $917.2 million aggregate principal amount of Outstanding Toggle Notes was exchanged for $853.0 million aggregate principal amount of Senior Notes due 2021 and $64.2 million of cash, plus, in each case, cash in an amount equal to accrued and unpaid interest from the last interest payment date applicable on the Outstanding Notes to, but not including, the closing date of the Note Exchange. The Senior Notes due 2021 mature on February 1, 2021. Interest on the Senior Notes due 2021 is payable semi-annually on February 1 and August 1 of each year, commencing August 1, 2013. Interest on the Senior Notes due 2021 will be paid at the rate of (i) 12.0% per annum in cash and (ii) 2.0% per annum through the issuance of payment-in-kind notes (the "PIK Notes"). Any PIK Notes issued in certificated form will be dated as of the applicable interest payment date and will bear interest from and after such date. All PIK Notes issued will mature on February 1, 2021 and have the same rights and benefits as the Senior Notes due 2021. The Senior Notes due 2021 are fully and unconditionally guaranteed on a senior basis by the guarantors named in the indenture governing such notes. The guarantee is structurally subordinated to all existing and future indebtedness and other liabilities of any subsidiary of the applicable subsidiary guarantor that is not also a guarantor of the Senior Notes due 2021. The guarantees are subordinated to the guarantees of the Company's senior secured credit facility and certain other permitted debt, but rank equal to all other senior indebtedness of the guarantors.

The Company may redeem or purchase the Senior Notes due 2021 at its option, in whole or in part, at any time prior to August 1, 2015, at a redemption price equal to 100% of the principal amount of Senior Notes due 2021 redeemed plus an applicable premium. In addition, until August 1, 2015, the Company may, at its option, on one or more occasions, redeem up to 60% of the then outstanding aggregate principal amount of Senior Notes due 2021 at a redemption price equal to (x) with respect to the first 30% of the then outstanding aggregate principal amount of the Senior Notes due 2021, 109.0% of the aggregate principal amount thereof and (y) with respect to the next 30% of the then outstanding aggregate principal amount of the Senior Notes due 2021, 112.0% of the aggregate principal amount thereof, in each case plus accrued and unpaid interest thereon to the applicable redemption date. The Company may redeem the Senior Notes due 2021, in whole or in part, on or after August 1, 2015, at the redemption prices set forth in the indenture plus accrued and unpaid interest to the redemption date.

The indenture governing the Senior Notes due 2021 contains covenants that limit the Company's ability and the ability of its restricted subsidiaries to, among other things: (i) incur additional indebtedness or issue certain preferred stock; (ii) pay dividends on, or make distributions in respect of, their capital stock or repurchase their capital stock; (iii) make certain investments or other restricted payments; (iv) sell certain assets; (v) create liens or use assets as security in other transactions; (vi) merge, consolidate or transfer or dispose of substantially all of their assets; (vii) engage in transactions with affiliates; and (viii) designate their subsidiaries as unrestricted subsidiaries.

11.25% Priority Guarantee Notes Issuance

During the first quarter of 2013, the Company issued $575.0 million aggregate principal amount of 11.25% Priority Guarantee Notes due 2021 (the "11.25% Priority Guarantee Notes"). The 11.25% Priority Guarantee Notes mature on March 1, 2021 and bear interest at a rate of 11.25% per annum, payable semi-annually on March 1 and September 1 of each year, beginning on September 1, 2013. The 11.25% Priority Guarantee Notes are the Company's senior obligations and are fully and unconditionally guaranteed, jointly and severally, on a senior basis by the guarantors named in the indenture governing such notes. The 11.25% Priority Guarantee Notes and the guarantors' obligations under the guarantees are secured by (i) a lien on (a) the capital stock of the Company and (b) certain property and related assets that do not constitute "principal property" (as defined in the indenture governing the legacy notes of the Company), in each case equal in priority to the liens securing the obligations under the Company's senior secured credit facilities, the Company's 9.0% priority guarantee notes due 2021 and the Company's 9.0% priority guarantee notes due 2019, subject to certain exceptions, and (ii) a lien on the accounts receivable and related assets securing the Company's receivables based credit facility junior in priority to the lien securing the Company's obligations thereunder, subject to certain exceptions.

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The Company may redeem the 11.25% Priority Guarantee Notes at its option, in whole or part, at any time prior to March 1, 2016, at a price equal to 100% of the principal amount of the 11.25% Priority Guarantee Notes redeemed, plus accrued and unpaid interest to the redemption date and plus an applicable premium. In addition, until March 1, 2016, the Company may elect to redeem up to 40% of the aggregate principal amount of the 11.25% Priority Guarantee Notes at a redemption price equal to 111.25% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net proceeds of one or more equity offerings. The Company may redeem the 11.25% Priority Guarantee Notes, in whole or in part, on or after March 1, 2016, at the redemption prices set forth in the indenture plus accrued and unpaid interest to the redemption date.

The indenture governing the 11.25% Priority Guarantee Notes contains covenants that limit the Company’s ability and the ability of its 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 the Company’s assets. The indenture contains covenants that limit the Parent Company’s and the Company’s ability and the ability of its restricted subsidiaries to, among other things: (i) create liens on assets and (ii) materially impair the value of the security interests taken with respect to the collateral for the benefit of the notes collateral agent and the holders of the 11.25% Priority Guarantee Notes. The indenture also provides for customary events of default.

Subsidiary Senior Revolving Credit Facility Due 2018

During the third quarter of 2013, Clear Channel Outdoor Holdings, Inc. (“CCOH”), an indirect non-wholly owned subsidiary of the Company, entered into a five-year senior secured revolving credit facility with an aggregate principal amount of $75.0 million. The revolving credit facility may be used for working capital, to issue letters of credit and for other general corporate purposes. At September 30, 2013, there were no amounts outstanding under the revolving credit facility, and $32.6 million of letters of credit under the revolving credit facility, which reduce availability under the facility.

Debt Repayments, Maturities and Other

During the third quarter of 2013, the Company made a $25.3 million scheduled applicable high-yield discount obligation payment to the holders of the Outstanding Toggle Notes as of the payment date.

During the second quarter of 2013, the Company exchanged $348.1 million aggregate principal amount of Outstanding Cash Pay Notes for $348.0 million aggregate principal amount of the Senior Notes due 2021 and $917.2 million aggregate principal amount of Outstanding Toggle Notes (including $452.7 million aggregate principal amount held by a subsidiary of the Company) for $853.0 million aggregate principal amount of Senior Notes due 2021 (including $421.0 million aggregate principal amount issued to a subsidiary of the Company) and $64.2 million of cash (including $31.7 million of cash paid to the subsidiary of the Company), pursuant to the Note Exchange. In connection with the Note Exchange and the senior secured credit facility amendment, both of which were accounted for as modifications of existing debt in accordance with ASC 470-50, the Company incurred expenses of $17.9 million which are included in “Other expenses”.

During the first quarter of 2013, the Company repaid its 5.75% senior notes at maturity for $312.1 million (net of $187.9 million principal amount repaid to a subsidiary of the Company with respect to notes repurchased and held by such entity), plus accrued interest, using cash on hand.

In addition, during the first quarter of 2013, using the proceeds from the issuance of the 11.25% Priority Guarantee Notes along with borrowings under the receivables based credit facility of $269.5 million and cash on hand, the Company prepaid all $846.9 million outstanding under its Term Loan A under its senior secured credit facilities. The Company recorded a loss of $3.9 million in “Loss on extinguishment of debt” related to the accelerated expensing of loan fees.

NOTE 4 – SUPPLEMENTAL DISCLOSURES

Divestiture Trusts

The Company owns certain radio stations which, under current FCC rules, are not permitted to be owned or transferred to another Clear Channel entity. These radio stations were placed in a trust in order to comply with FCC rules at the time of the closing of the merger that resulted in the Parent Company’s acquisition of the Company. The Company is the beneficial owner of the trust, but the radio stations are managed by an independent trustee. The Company will have to divest all of these radio stations unless any stations may be owned by the Company under then-current FCC rules, in which case the trust will be terminated with respect to such stations.

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The trust agreement stipulates that the Company must fund any operating shortfalls of the trust activities, and any excess cash flow generated by the trust is distributed to the Company. The Company is also the beneficiary of proceeds from the sale of stations held in the trust. The Company consolidates the trust in accordance with ASC 810-10-05, which requires an enterprise involved with variable interest entities to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in the variable interest entity, as the trust was determined to be a variable interest entity and the Company is its primary beneficiary.

Income Tax Benefit

The Company's income tax benefit for the three and nine months ended September 30, 2013 and 2012, respectively, consisted of the following components:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Current tax benefit (expense)	$ 2,088	$ (21,148)	$ (36,706)	$ 21,331
Deferred tax benefit	71,714	34,380	195,356	157,962
Income tax benefit	$ 73,802	$ 13,232	$ 158,650	$ 179,293

The effective tax rates for the three and nine months ended September 30, 2013 were 44.5% and 36.1%, respectively. The effective tax rate for the three months ended September 30, 2013 was primarily impacted by the settlement of tax examinations during the period that resulted in a reduction of tax expense of approximately $13.4 million during the period. The effective tax rate for the nine months ended September 30, 2013 was primarily impacted by the settlement of tax examinations mentioned above as well as the cancellation of indebtedness income recognized during the period.

The effective tax rates for the three and nine months ended September 30, 2012 were 25.5% and 45.5%, respectively. The effective tax rate for the three months ended September 30, 2012 was primarily impacted by additional tax expense recorded related to uncertain tax positions, the effects of which were partially offset by reduced non-U.S. tax rates of financial reporting gains resulting from the disposition of certain foreign subsidiaries. The effective tax rate for the nine months ended September 30, 2012 was primarily impacted by the completion of income tax examinations in various jurisdictions during the period which resulted in a reduction to income tax expense of approximately $61.0 million.

Supplemental Cash Flow Information

During the nine months ended September 30, 2013 and 2012, cash paid for interest and income taxes, net of income tax refunds of $1.4 million and $4.1 million, respectively, was as follows:

(In thousands)	Nine Months Ended September 30,	
	2013	2012
Interest	$ 1,189,876	$ 1,110,139
Income taxes	38,366	44,989

NOTE 5 – FAIR VALUE MEASUREMENTS

The Company's marketable equity securities and interest rate swap are measured at fair value on each reporting date.

Marketable Equity Securities

The marketable equity securities are measured at fair value 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 the balance sheet as "Other assets."

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

The cost, unrealized holding gains or losses, and fair value of the Company's investments at September 30, 2013 and December 31, 2012 are as follows:

(In thousands)	September 30, 2013		December 31, 2012	
Cost	$	625	$	5,207
Gross unrealized losses		-		-
Gross unrealized gains		334		106,220
Fair value	$	959	$	111,427

During the second quarter of 2013, the Company sold shares of Sirius XM Radio, Inc. held by it for $135.5 million, recognizing a gain on the sale of securities of $130.9 million.

Interest Rate Swap Agreement

The Company previously entered into a $2.5 billion notional amount interest rate swap agreement to effectively convert a portion of its floating-rate debt to a fixed basis, thus reducing the impact of interest rate changes on future interest expense. The interest rate swap agreement matured on September 30, 2013. The swap was designated as a cash flow hedge with the effective portion of the gain or loss on the swap reported as a component of other comprehensive income (loss). Ineffective portions of a cash flow hedging derivative's change in fair value are recognized currently in earnings. In accordance with ASC 815-20-35-9, as the critical terms of the swap and the floating-rate debt being hedged were the same at inception and remained the same during the current period, no ineffectiveness was recorded in earnings for the three and nine months ended September 30, 2013.

The swap agreement was valued using a discounted cash flow model taking into account the present value of the future cash flows under the terms of the agreement by using market information available as of the reporting date, including prevailing interest rates and credit spread. Due to the fact that the inputs were either directly or indirectly observable, the Company classified the fair value measurements of its swap agreement as Level 2 in accordance with ASC 820-10-35.

The fair value of the Company's $2.5 billion notional amount interest rate swap designated as a hedging instrument and recorded in "Other current liabilities" was $76.9 million at December 31, 2012. There was no liability at

September 30, 2013 because the swap matured on September 30, 2013.

The following table details the beginning and ending accumulated other comprehensive loss and the current period activity related to the interest rate swap agreement:

(In thousands)	Accumulated other comprehensive loss	
Balance at December 31, 2012	$	48,180
Other comprehensive income		(48,180)
Balance at September 30, 2013	$	-

Other Comprehensive Income (Loss)

The following table discloses the deferred income tax (asset) liability related to each component of other comprehensive income (loss) for the three and nine months ended September 30, 2013 and 2012, respectively:

(In thousands)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
Foreign currency translation adjustments and other	$	3,742	$	1,659	$	(12,385)	$	3,009
Unrealized holding gain (loss) on marketable securities		28,199		10,599		(11,010)		11,028
Unrealized holding gain on cash flow derivatives		10,254		7,048		28,759		20,648
Total increase in deferred tax liabilities	$	42,195	$	19,306	$	5,364	$	34,685

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 6 – COMMITMENTS, CONTINGENCIES AND GUARANTEES

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

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

Stockholder Litigation

Two derivative lawsuits were filed in March 2012 in Delaware Chancery Court by stockholders of CCOH, an indirect non-wholly owned subsidiary of the Company. The consolidated lawsuits were captioned In re Clear Channel Outdoor Holdings, Inc. Derivative Litigation, Consolidated Case No. 7315-CS. The complaints named as defendants certain of the Company's and CCOH's current and former directors and the Company, as well as Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. CCOH also was named as a nominal defendant. The complaints alleged, among other things, that in December 2009 the Company breached fiduciary duties to CCOH and its stockholders by allegedly requiring CCOH to agree to amend the terms of a revolving promissory note payable by the Company to CCOH (the "Note") 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 Note were unfair to CCOH because, among other things, the interest rate was below market. The complaints further alleged that the Company was unjustly enriched as a result of that transaction. The complaints also alleged that the director defendants breached fiduciary duties to CCOH in connection with that transaction and that the transaction constituted corporate waste. On March 28, 2013, to avoid the costs, disruption and distraction of further litigation, and without admitting the validity of any allegations made in the complaint, legal counsel for the defendants entered into a binding memorandum of understanding (the "MOU") with legal counsel for a special litigation committee consisting of certain independent directors of CCOH and the plaintiffs to settle the litigation. The Company and CCOH filed the MOU with the SEC as an exhibit to their respective Current Reports on Form 8-K filed on April 3, 2013. On July 8, 2013, the parties executed a Stipulation of Settlement, on terms consistent with the MOU, and presented the Stipulation of Settlement to the Delaware Chancery Court for approval. The Company and CCOH filed the Stipulation of Settlement with the SEC as an exhibit to their respective Current Reports on Form 8-K filed on July 9, 2013. On September 9, 2013, the Delaware Chancery Court approved the settlement and, on October 9, 2013, the right to appeal expired. On October 19, 2013, in accordance with the terms of the settlement, CCOH's board of directors (i) notified the Company of its intent to make a demand for repayment of $200 million outstanding under the Note on November 8, 2013, (ii) declared a dividend of $200 million, which is conditioned upon the Company having satisfied such demand, to be paid on November 8, 2013, and (iii) established a committee of the board of directors for the specific purpose of monitoring the Note. On October 23, 2013, the Company and CCOH amended the Note in accordance with the terms of the settlement. The Company and CCOH announced CCOH's intent to make a demand for repayment of $200 million outstanding under the Note and CCOH's declaration of the dividend in their respective Current Reports on Form 8-K filed on October 21, 2013, and filed a copy of the amendment to the Note as an exhibit to their respective Current Reports on Form 8-K filed on October 23, 2013.

Los Angeles Litigation

In 2008, Summit Media, LLC, one of the Company's competitors, sued the City of Los Angeles (the "City"), Clear Channel Outdoor, Inc. and CBS Outdoor in Los Angeles Superior Court (Case No. BS116611) challenging the validity of a settlement agreement that had been entered into in November 2006 among the parties. Pursuant to the settlement agreement, Clear Channel Outdoor, Inc. had taken down existing billboards and converted 83 existing signs from static displays to digital displays pursuant to modernization permits issued through an administrative process of the City. The Los Angeles Superior Court ruled in January 2010 that the settlement agreement constituted an ultra vires act of the City and nullified its existence, but did not invalidate the modernization permits issued to Clear Channel Outdoor, Inc. and CBS. All parties appealed the ruling by the Los Angeles Superior Court to Court of Appeal for the State of California, Second Appellate District, Division 8. On December 10, 2012, the Court of Appeal issued an order upholding the Superior Court's finding that the settlement agreement was ultra vires and remanding the case to the Superior Court for the purpose of invalidating the modernization permits issued to Clear Channel Outdoor, Inc. and CBS for the digital displays that were the subject of the settlement agreement. On January 22, 2013, Clear Channel Outdoor, Inc. filed a petition with the California

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

Supreme Court requesting its review of the matter, and the Supreme Court denied that petition on February 27, 2013. On April 12, 2013, the Los Angeles Superior Court invalidated 82 digital modernization permits issued to Clear Channel Outdoor, Inc. and 13 issued to CBS and ordered that the companies turn off the electrical power to affected digital displays by the close of business on April 15, 2013. Clear Channel Outdoor, Inc. has complied with the order. On April 16, 2013, the Court conducted further proceedings during which it held that it was not invalidating two additional digital modernization permits that Clear Channel Outdoor, Inc. had secured through a special zoning plan and confirmed that its April 12 order invalidated only digital modernization permits – no other types of permits the companies may have secured for the signs at issue. Summit Media, LLC has filed a further motion requesting that the Court order the demolition of the 82 sign structures on which the now-invalidated digital signs operated, as well as the invalidation of several other permits for traditional signs allegedly issued under the settlement agreement. At a hearing held on September 16, 2013 the Court ordered Clear Channel Outdoor, Inc. to produce evidence on a sign-by-sign basis of the permitting history of each sign. This evidentiary hearing is scheduled for November 8, 2013. Additionally, Summit Media, LLC has filed a motion for attorney's fees under a private attorney general theory. That motion currently is scheduled to be heard on December 11, 2013.

Guarantees

As of September 30, 2013, the Company had outstanding surety bonds and commercial standby letters of credit of $53.1 million and $121.0 million, respectively, of which $36.3 million of letters of credit were cash secured. Letters of credit in the amount of $2.0 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. These letters of credit and surety bonds relate to various operational matters including insurance, bid, and performance bonds as well as other items.

As of September 30, 2013, the Company had outstanding bank guarantees of $51.4 million related to international subsidiaries, of which $13.7 million were backed by cash collateral.

NOTE 7 – CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The Company is a party to a management agreement with certain affiliates of the Sponsors and certain other parties pursuant to which such affiliates of the Sponsors will provide management and financial advisory services until 2018. These agreements require management fees to be paid to such affiliates of the Sponsors for such services at a rate not greater than $15.0 million per year, plus reimbursable expenses. For the three months ended September 30, 2013 and 2012, the Company recognized management fees and reimbursable expenses of $3.8 million and $3.9 million, respectively. For the nine months ended September 30, 2013 and 2012, the Company recognized management fees and reimbursable expenses of $11.9 million and $11.9 million, respectively.

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

NOTE 8 – STOCKHOLDER'S DEFICIT AND COMPREHENSIVE LOSS

The Company reports its noncontrolling interests in consolidated subsidiaries as a component of equity separate from the Company's equity. The following table shows the changes in stockholder's deficit 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, 2013	$ (8,299,188)	$ 303,997	$ (7,995,191)
Net income (loss)	(297,656)	16,372	(281,284)
Dividends and other payments to noncontrolling interests [1]	-	(58,942)	(58,942)
Foreign currency translation adjustments	(26,374)	(2,152)	(28,526)
Unrealized holding gain on marketable securities	15,594	25	15,619
Unrealized holding gain on cash flow derivatives	48,180	-	48,180
Other adjustments to comprehensive loss	(884)	(114)	(998)
Other, net	6,271	7,872	14,143
Reclassifications	(83,585)	(168)	(83,753)
Balances at September 30, 2013	$ (8,637,642)	$ 266,890	$ (8,370,752)
Balances at January 1, 2012	$ (7,993,735)	$ 521,794	$ (7,471,941)
Net income (loss)	(233,215)	18,807	(214,408)
Dividends and other payments to noncontrolling interests	-	(247,764)	(247,764)
Foreign currency translation adjustments	16,867	1,061	17,928
Unrealized holding gain (loss) on marketable securities	17,522	(123)	17,399
Unrealized holding gain on cash flow derivatives	36,322	-	36,322
Other adjustments to comprehensive loss	(473)	(61)	(534)
Other, net	2,204	13,457	15,661
Balances at September 30, 2012	$ (8,154,508)	$ 307,171	$ (7,847,337)

(1) Included in “Dividends and other payments to noncontrolling interests” are $45.1 million in dividends declared but not yet paid by an entity for which the Company has a controlling financial interest and whose results are consolidated in the Company’s financial statements. This amount will be paid by that entity during the fourth quarter of 2013 and, therefore, is accrued in “Other current liabilities” at September 30, 2013.

The Company does not have any compensation plans under which it grants awards to employees. CCMH and CCOH have granted options to purchase shares of their Class A common stock to certain key individuals, as well as restricted stock and restricted stock units.

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

Changes in Accumulated Other Comprehensive Loss by Component

In connection with the sale of shares of Sirius XM Radio, Inc. as discussed in Note 5, a realized gain of $130.9 million and income tax expense of $48.6 million were reclassified out of accumulated other comprehensive loss into “Gain on marketable securities” and “Income tax benefit,” respectively. The net difference of $82.3 million is reported as a reduction of “Other comprehensive income (loss).”

NOTE 9 – SEGMENT DATA

The Company’s reportable segments, which it believes best reflect how the Company is currently managed, are CCME, Americas outdoor advertising and International outdoor advertising. Revenue and expenses earned and charged between segments are recorded at estimated fair value and eliminated in consolidation. The CCME segment provides media and entertainment services via broadcast and digital delivery and also includes the Company’s national syndication business. The Americas outdoor advertising segment consists of operations primarily in the United States and Canada. The International outdoor advertising segment primarily includes operations in Europe, Asia, Australia and Latin America. The Americas outdoor and International outdoor display inventory consists primarily of billboards, street furniture displays and transit displays. The Other category includes the Company’s media representation business as well as other general support services and initiatives which are ancillary to the Company’s other businesses. Corporate includes infrastructure and support, including information technology, human resources, legal, finance and administrative functions of each of the Company’s reportable segments, as well as overall executive, administrative and support functions. Share-based payments are recorded in corporate expenses.

The following table presents the Company’s reportable segment results for the three and nine months ended September 30, 2013 and 2012.

(In thousands)	CCME	Americas Outdoor Advertising	International Outdoor Advertising	Other	Corporate and other reconciling items	Eliminations	Consolidated
Three Months Ended September 30, 2013							
Revenue	$	$ 331,346	$ 391,667	$	$ -	$ (16,814)	$

	823,863			57,460			1,587,522
Direct operating expenses	224,213	140,972	255,122	5,718	-	(2,153)	623,872
Selling, general and administrative expenses	282,505	55,739	75,698	34,314	-	(14,661)	433,595
Depreciation and amortization	64,745	48,530	49,090	9,925	5,040	-	177,330
Corporate expenses	-	-	-	-	92,204	-	92,204
Other operating income, net	-	-	-	-	6,186	-	6,186
Operating income (loss)	$ 252,400	$ 86,105	$ 11,757	$ 7,503	$ (91,058)	$ -	$ 266,707
Intersegment revenues	$ -	$ 1,110	$ -	$ 15,704	$ -	$ -	$ 16,814
Capital expenditures	$ 22,171	$ 13,838	$ 19,983	$ 2,070	$ 6,518	$ -	$ 64,580
Share-based compensation expense	$ -	$ -	$ -	$ -	$ 2,754	$ -	$ 2,754

CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(UNAUDITED)

(In thousands)	CCME	Americas Outdoor Advertising	International Outdoor Advertising	Other	Corporate and other reconciling items	Eliminations	Consolidated
Three Months Ended September 30, 2012							
Revenue	$ 708,759	$ 335,021	$ 396,120	$ 76,067	$ -	$ (18,636)	$ 1,587,331
Direct operating expenses	225,233	144,721	245,918	6,529	-	(5,180)	617,221
Selling, general and administrative expenses	264,962	54,225	82,357	35,962	-	(13,456)	424,050
Depreciation and amortization	67,956	50,177	49,740	10,663	3,814	-	182,350
Corporate expenses	-	-	-	-	73,921	-	73,921
Other operating income, net	-	-	-	-	42,118	-	42,118
Operating income (loss)	$ 240,608	$ 85,898	$ 18,105	$ 22,913	$ (35,617)	$ -	$ 331,907
Intersegment revenues	$ -	$ 314	$ -	$ 18,322	$ -	$ -	$ 18,636
Capital expenditures	$ 16,885	$ 25,633	$ 30,238	$ 2,812	$ 10,621	$ -	$ 86,189
Share-based compensation expense	$ -	$ -	$ -	$ -	$ 7,378	$ -	$ 7,378

Nine Months Ended September 30, 2013							
Revenue	$ 2,286,040	$ 952,832	$ 1,187,262	$ 167,778	$ -	$ (45,235)	$ 4,548,677
Direct operating expenses	646,111	419,676	762,167	18,535	-	(6,368)	1,840,121
Selling, general and administrative expenses	786,517	165,232	238,786	105,556	-	(38,867)	1,257,224
Depreciation and amortization	200,615	144,256	150,013	29,797	14,565	-	539,246
Corporate expenses	-	-	-	-	253,524	-	253,524
Other operating income, net	-	-	-	-	9,694	-	9,694
Operating income (loss)	$ 652,797	$ 223,668	$ 36,296	$ 13,890	$ (258,395)	$ -	$ 668,256
Intersegment revenues	$ -	$ 1,253	$ -	$ 43,982	$ -	$ -	$ 45,235
Capital expenditures	$ 58,335	$ 43,489	$ 68,683	$ 6,765	$ 19,988	$ -	$ 197,260
Share-based compensation expense	$ -	$ -	$ -	$ -	$ 14,093	$ -	$ 14,093
Nine Months Ended September 30, 2012							
Revenue	$ 2,263,308	$ 935,850	$ 1,207,900	$ 191,909	$ -	$ (48,419)	$ 4,550,548
Direct operating expenses	630,043	429,989	757,682	18,855	-	(9,652)	1,826,917
Selling, general and administrative expenses	757,920	150,658	270,019	113,460	-	(38,767)	1,253,290
Depreciation and amortization	202,935	141,702	149,485	34,871	10,562	-	539,555
Corporate expenses	-	-	-	-	218,621	-	218,621
	-	-	-	-	47,159	-	47,159

Other operating income, net							
Operating income (loss)	$ 672,410	$ 213,501	$ 30,714	$ 24,723	$ (182,024)	$ -	$ 759,324
Intersegment revenues	$ -	$ 1,084	$ -	$ 47,335	$ -	$ -	$ 48,419
Capital expenditures	$ 43,711	$ 84,749	$ 97,147	$ 11,817	$ 23,057	$ -	$ 260,481
Share-based compensation expense	$ -	$ -	$ -	$ -	$ 20,090	$ -	$ 20,090

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

Format of Presentation