Clear Channel Outdoor Holdings, Inc.
Form 10-Q
May 22, 2018

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 MARCH 31, 2018

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

Commission File Number
001 32663

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware	86-0812139
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20880 Stone Oak Parkway San Antonio, Texas	78258
(Address of principal executive offices)	(Zip Code)

(210) 832-3700
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ] Smaller reporting company [ ]
Emerging growth company [ ]

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

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	Outstanding at May 17, 2018
Class A Common Stock, $.01 par value	49,005,310
Class B Common Stock, $.01 par value	315,000,000

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

(In thousands, except share and per share data)	March 31, 2018 (Unaudited)	December 31, 2017
CURRENT ASSETS		
Cash and cash equivalents	$153,229	$144,119
Accounts receivable, net of allowance of $24,013 in 2018 and $22,487 in 2017	635,821	659,463
Prepaid expenses	151,695	111,876
Other current assets	62,908	58,714
Total Current Assets	1,003,653	974,172
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,151,469	1,180,882
Other property, plant and equipment, net	213,610	214,147
INTANGIBLE ASSETS AND GOODWILL		
Indefinite-lived intangibles	977,152	977,152
Other intangibles, net	269,299	273,862
Goodwill	718,667	714,043
OTHER ASSETS		
Due from iHeartCommunications, net of allowance of $855,648 in 2018 and 2017	154,758	211,990
Other assets	126,917	124,534
Total Assets	$4,615,525	$4,670,782
CURRENT LIABILITIES		
Accounts payable	$120,644	$87,960
Accrued expenses	504,028	509,801
Deferred income	108,727	59,178
Current portion of long-term debt	487	573
Total Current Liabilities	733,886	657,512
Long-term debt	5,270,859	5,266,153
Due to iHeartCommunications, post iHeart Chapter 11 Cases	3,445	—
Deferred income taxes	336,787	318,107
Other long-term liabilities	264,157	270,415
Commitments and Contingent liabilities (Note 5)		
STOCKHOLDERS' DEFICIT		
Noncontrolling interest	158,069	157,040
Preferred stock, par value $.01 per share, 150,000,000 shares authorized, no shares issued and outstanding	—	—
Class A common stock, par value $.01 per share, authorized 750,000,000 shares, issued 49,971,476 and 49,955,300 shares in 2018 and 2017, respectively	500	500
Class B common stock, par value $.01 per share, 600,000,000 shares authorized, 315,000,000 shares issued and outstanding	3,150	3,150
Additional paid-in capital	3,079,958	3,108,148
Accumulated deficit	(4,892,446)	(4,765,514)
Accumulated other comprehensive loss	(337,025)	(338,936)

Cost of shares (951,061 in 2018 and 946,415 in 2017) held in treasury	(5,815)	(5,793)
Total Stockholders’ Deficit	(1,993,609)	(1,841,405)
Total Liabilities and Stockholders’ Deficit	$4,615,525	$4,670,782

See Notes to Consolidated Financial Statements

1

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

(In thousands, except per share data)	Three Months Ended March 31,	
	2018	2017
Revenue	$598,711	$544,726
Operating expenses:		
Direct operating expenses (excludes depreciation and amortization)	360,202	327,931
Selling, general and administrative expenses (excludes depreciation and amortization)	127,408	115,774
Corporate expenses (excludes depreciation and amortization)	35,435	34,540
Depreciation and amortization	84,060	77,494
Other operating income (expense), net	(54)	32,611
Operating income (loss)	(8,448)	21,598
Interest expense	97,264	92,633
Interest income on Due from iHeartCommunications	—	14,807
Equity in earnings (loss) of nonconsolidated affiliates	188	(472)
Other income, net	19,543	3,867
Loss before income taxes	(85,981)	(52,833)
Income tax benefit (expense)	(45,367)	21,837
Consolidated net loss	(131,348)	(30,996)
Less amount attributable to noncontrolling interest	(4,416)	(1,995)
Net loss attributable to the Company	$(126,932)	$(29,001)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	7,237	9,653
Unrealized holding loss on marketable securities	(90)	(57)
Reclassification adjustments	—	(1,644)
Other comprehensive income	7,147	7,952
Comprehensive loss	(119,785)	(21,049)
Less amount attributable to noncontrolling interest	5,236	(2,523)
Comprehensive loss attributable to the Company	$(125,021)	$(18,526)
Net loss attributable to the Company per common share:		
Basic	$(0.35)	$(0.08)
Weighted average common shares outstanding – Basic	361,515	360,754
Diluted	$(0.35)	$(0.08)
Weighted average common shares outstanding – Diluted	361,515	360,754
Dividends declared and paid per share	$0.08	$0.78

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands)	Three Months Ended March 31, 2018	2017
Cash flows from operating activities:		
Consolidated net loss	$(131,348)	$(30,996)
Reconciling items:		
Depreciation and amortization	84,060	77,494
Deferred taxes	20,246	(15,579)
Provision for doubtful accounts	1,686	521
Amortization of deferred financing charges and note discounts, net	2,628	2,683
Share-based compensation	2,106	2,359
Gain on disposal of operating and other assets	(188)	(33,322)
Equity in (earnings) loss of nonconsolidated affiliates	(188)	472
Foreign exchange transaction gain	(19,600)	(3,534)
Other reconciling items, net	(1,059)	(1,478)
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Decrease in accounts receivable	36,317	37,052
Increase in prepaid expenses and other current assets	(38,423)	(55,095)
Decrease in accrued expenses	(26,832)	(59,481)
Increase (decrease) in accounts payable	30,574	(15,506)
Increase in accrued interest	8,491	4,835
Increase in deferred income	47,384	44,232
Changes in other operating assets and liabilities	(10,828)	(4,367)
Net cash provided by (used for) operating activities	$5,026	$(49,710)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(28,672)	(36,344)
Proceeds from disposal of assets	1,281	53,279
Purchases of other operating assets	(34)	(1,064)
Change in other, net	168	(214)
Net cash provided by (used for) investing activities	$(27,257)	$15,657
Cash flows from financing activities:		
Payments on credit facilities	—	(375)
Payments on long-term debt	(155)	(163)
Net transfers from (to) iHeartCommunications	60,677	(29,448)
Dividends and other payments from (to) noncontrolling interests	(97)	826
Dividends paid	(29,910)	(281,673)
Change in other, net	(16)	(257)
Net cash provided by (used for) financing activities	$30,499	$(311,090)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	3,292	3,588
Net increase (decrease) in cash, cash equivalents and restricted cash	11,560	(341,555)
Cash, cash equivalents and restricted cash at beginning of period	188,310	563,149
Cash, cash equivalents and restricted cash at end of period	$199,870	$221,594
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	86,054	86,759
Cash paid for income taxes	9,303	17,193

See Notes to Consolidated Financial Statements

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

NOTE 1 – BASIS OF PRESENTATION

Preparation of Interim Financial Statements

All references in this Quarterly Report on Form 10-Q to the "Company," "we," "us" and "our" refer to Clear Channel Outdoor Holdings, Inc. and its consolidated subsidiaries. Our reportable segments are Americas outdoor advertising ("Americas") and International outdoor advertising ("International"). The accompanying consolidated financial statements were prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all normal and recurring adjustments necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods may not be indicative of results for the full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2017 Annual Report on Form 10-K.

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

The Company re-evaluated its segment reporting and determined that its Latin American operations should be managed by its International leadership team. As a result, beginning on January 1, 2018, the operations of Latin America are no longer reflected within the Company's Americas segment and are included in the results of its International segment. Accordingly, the Company has recast the corresponding segment disclosures for prior periods to include Latin America within the International segment.

New Accounting Pronouncements Recently Adopted

As of January 1, 2018, the Company adopted the new accounting standard, ASC 606, Revenue from Contracts with Customers. This standard provides guidance for the recognition, measurement and disclosure of revenue from contracts with customers and supersedes previous revenue recognition guidance under U.S. GAAP. The Company has applied this standard using the full retrospective method and concluded that its adoption did not have a material impact on the Company's balance sheets, statements of comprehensive loss, or statements of cash flows for prior periods. Please refer to Note 2, "Revenue from Contracts with Customers," for more information.

As a result of adopting this new accounting standard, the Company has updated its significant accounting policies for accounts receivable and revenue recognition, as follows:

Accounts Receivable

Accounts receivable are recorded when the Company has an unconditional right to payment, either because it has satisfied a performance obligation prior to receiving payment from the customer or has a non-cancelable contract that has been billed in advance in accordance with the Company's normal billing terms.

Accounts receivable are recorded at the invoiced amount, net of allowances for doubtful accounts. The Company evaluates the collectability of its accounts receivable based on a combination of factors. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, it records a specific reserve to reduce the amounts recorded to what it believes will be collected. For all other customers, it recognizes reserves for bad debt based on historical experience of bad debts as a percent of revenue for each business unit, adjusted for relative improvements or deteriorations in the agings and changes in current economic conditions. The Company believes its concentration of credit risk is limited due to the large number and the geographic diversification of its customers.

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

Revenue Recognition

The Company recognizes revenue in amounts that reflect the consideration it expects to receive in exchange for transferring goods or services to customers, excluding sales taxes and other similar taxes collected on behalf of governmental authorities (the “transaction price”). When this consideration includes a variable amount, the Company estimates the amount of consideration it expects to receive and only recognizes revenue to the extent that it is probable it will not be reversed in a future reporting period. For revenue arrangements that contain multiple distinct goods or services, the Company allocates the transaction price to these performance obligations in proportion to their relative standalone selling prices.

The Company recognizes revenue when or as it satisfies a performance obligation by transferring a promised good or service to a customer. Revenue from the Company’s Americas and International outdoor advertising segments’ contracts, which typically cover periods of a few weeks to one year, are generally recognized ratably over the term of the contract as the advertisement is displayed and the performance obligation is satisfied. Advertising revenue is reported net of agency commissions.

The Company receives payments from customers based on billing schedules that are established in its contracts. Outdoor advertising contracts are generally billed monthly. Americas outdoor is generally billed in advance, and International outdoor includes a combination of advance billings and billings upon completion of service. Deferred income is recorded when payment is received from a customer before the Company has satisfied the performance obligation or a non-cancelable contract has been billed in advance in accordance with the Company’s normal billing terms.

Trade and barter transactions represent the exchange of display space for merchandise, services or other assets in the ordinary course of business. The transaction price for these contracts is determined as the estimated fair value of the non-cash consideration received unless this is not reasonably estimable, in which case the consideration is measured based on the standalone selling price of the display space promised to the customer. Revenue is recognized on trade and barter transactions when the advertisements are displayed, and expenses are recorded ratably over a period that estimates when the merchandise, services or other assets received are utilized, or when the event occurs. Trade and barter revenues and expenses from continuing operations are included in consolidated revenue and selling, general and administrative expenses, respectively. Trade and barter revenues and expenses from continuing operations were as follows:

(In thousands)	Three Months Ended March 31, 2018	2017
Consolidated:		
Trade and barter revenues	$3,339	$4,009
Trade and barter expenses	4,720	3,780

The Company applies a practical expedient to recognize incremental costs of obtaining a contract as expense when incurred if the period of benefit is one year or less. These costs primarily relate to sales commissions, which are included in selling, general and administrative expenses and are generally commensurate with sales. Total capitalized costs to obtain a contract were immaterial during the periods presented.

Refer to Note 2, Revenue from Contracts with Customers, for more information about the Company’s revenue for the three months ended March 31, 2018 and 2017.

Restricted Cash

In November 2016, the FASB issued ASU 2016-18, Restricted Cash, which requires that restricted cash be presented with cash and cash equivalents in the statement of cash flows. Restricted cash is recorded in Other current assets and in Other assets in the Company's Consolidated Balance Sheets. The Company adopted ASU 2016-18 in the first quarter using the retrospective transition method, and accordingly, revised prior period amounts as shown in the Company's Consolidated Statements of Cash Flows.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the Consolidated Balance Sheet to the total of the amounts reported in the Consolidated Statement of Cash Flows:

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

(In thousands)	March 31, 2018	December 31, 2017
Cash and cash equivalents	$153,229	$144,119
Restricted cash included in:		
Other current assets	30,054	26,096
Other assets	16,587	18,095
Total cash, cash equivalents and restricted cash in the Statement of Cash Flows	$199,870	$188,310

Stock Compensation

During the second quarter of 2017, the FASB issued ASU 2017-09, Compensation - Stock Compensation (Topic 718). This update mandates that entities will apply the modification accounting guidance if the value, vesting conditions or classification of a stock-based award changes. Entities will have to make all of the disclosures about modifications that are required today, in addition to disclosing that compensation expense hasn't changed. Additionally, the new guidance also clarifies that a modification to an award could be significant and therefore require disclosure, even if the modification accounting is not required. The guidance will be applied prospectively to awards modified on or after the adoption date and is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. The Company adopted the provisions of ASU 2017-09 on January 1, 2018 and the adoption of ASU 2017-09 did not have an impact on our consolidated financial statements.

New Accounting Pronouncements Not Yet Adopted

During the first quarter of 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new leasing standard presents significant changes to the balance sheets of lessees. Lessor accounting is updated to align with certain changes in the lessee model and the new revenue recognition standard which was issued in the third quarter of 2015. The standard is effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of this new standard on its consolidated financial statements.

During the first quarter of 2017, the FASB issued ASU 2017-04, Intangibles - Goodwill and Other (Topic 350). This update eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value. The standard is effective for annual and any interim impairment tests performed for periods beginning after December 15, 2019. The Company is currently evaluating the impact of the provisions of this new standard on its consolidated financial statements.

NOTE 2 – REVENUE FROM CONTRACTS WITH CUSTOMERS

The Americas and International outdoor segments generate revenue primarily from the sale of advertising space on printed and digital displays, including billboards, street furniture displays, transit displays and retail displays. Certain of the revenue transactions in the Outdoor segments are considered leases as the agreements convey to customers the right to use the Company’s advertising structures for a stated period of time. In order for a transaction with a customer to qualify as a lease, the arrangement must be dependent on the use of a specified advertising structure, and the customer must have almost exclusive use of that structure during the term of the arrangement. Therefore, arrangements that do not involve the use of an advertising structure, where the Company can substitute the advertising structure that is used to display the customer’s advertisement, or where the advertising structure displays advertisements for multiple customers throughout the day are not leases. The Company accounts for revenue from leases, which are all classified as operating leases, in accordance with the lease accounting guidance (Topic 840). All of the Company’s revenue transactions that do not qualify as a lease are accounted for as revenue from contracts with customers (Topic 606).

6

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

The following table shows, by segment, revenue from contracts with customers disaggregated by geographical region, revenue from leases and total revenue for the three months ended March 31, 2018 and 2017:

(In thousands)	Americas Outdoor(1)	International Outdoor(1)	Consolidated
Three Months Ended March 31, 2018			
Revenue from contracts with customers:			
United States	$ 96,147	$ —	$ 96,147
Other Americas	650	16,792	17,442
Europe	—	188,381	188,381
Asia-Pacific and other	—	6,508	6,508
Eliminations	—	(71)	(71)
Total	$ 96,797	$ 211,610	$ 308,407
Revenue from leases	159,050	131,254	290,304
Total Revenue	$ 255,847	$ 342,864	$ 598,711
Three Months Ended March 31, 2017			
Revenue from contracts with customers:			
United States	$ 93,662	$ —	$ 93,662
Other Americas	3,531	13,457	16,988
Europe	—	154,604	154,604
Asia-Pacific and other	—	5,456	5,456
Eliminations	—	(40)	(40)
Total	$ 97,193	$ 173,477	$ 270,670
Revenue from leases	163,153	110,903	274,056
Total Revenue	$ 260,346	$ 284,380	$ 544,726

(1) Due to a re-evaluation of the Company's internal segment reporting during the three months ended March 31, 2018, its operations in Latin America are being included in the International outdoor advertising segment results for all periods presented. See Note 1, Basis of Presentation.

All of the Company's advertising structures are used to generate revenue. Such revenue may be classified as revenue from contracts with customers or revenue from leases depending on the terms of the contract, as previously described.

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

Revenue from Contracts with Customers

The following table presents the activity related to the Company's contract balances from contracts with customers for the three months ended March 31, 2018 and 2017:

	Three Months Ended March 31,	
(In thousands)	2018	2017
Accounts receivable from contracts with customers:		
Beginning balance, net of allowance	$351,228	$300,216
Additions (collections), net	(40,323)	(28,005)
Bad debt, net of recoveries	(641)	(218)
Ending balance, net of allowance	$310,264	$271,993
Accounts receivable from leases	325,557	288,778
Accounts receivable, total	$635,821	$560,771
Deferred income from contracts with customers:		
Beginning balance	$28,211	$28,681
Revenue recognized, included in beginning balance	(19,522)	(21,246)
Additions, net of revenue recognized during period	36,315	41,414
Ending balance	$45,004	$48,849
Deferred income from leases	68,682	67,158
Deferred income, total	$113,686	$116,007

The Company's contracts with customers generally have a term of one year or less; however, as of March 31, 2018, the Company expects to recognize $74.4 million of revenue in future periods for remaining performance obligations from current contracts with customers that have an original expected duration of greater than one year, with substantially all of this amount to be recognized over the next five years. As part of the transition to the new revenue standard, the Company is not required to disclose information about remaining performance obligations for periods prior to the date of initial application.

Revenue from Leases

As of December 31, 2017, the Company's future minimum rentals under non-cancelable operating leases were as follows:

(in thousands)	
2018	$277,462
2019	34,395
2020	17,155
2021	12,004
2022	8,552
Thereafter	7,197
Total minimum future rentals	$356,765

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

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND GOODWILL
Property, Plant and Equipment

The Company's property, plant and equipment consisted of the following classes of assets as of March 31, 2018 and December 31, 2017, respectively:

(In thousands)	March 31, 2018	December 31, 2017
Land, buildings and improvements	$147,376	$ 145,763
Structures	2,890,924	2,864,442
Furniture and other equipment	186,265	179,215
Construction in progress	56,096	55,753
	3,280,661	3,245,173
Less: accumulated depreciation	1,915,582	1,850,144
Property, plant and equipment, net	$1,365,079	$ 1,395,029

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

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

The following table presents the gross carrying amount and accumulated amortization for each major class of other intangible assets as of March 31, 2018 and December 31, 2017, respectively:

(In thousands)	March 31, 2018		December 31, 2017	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Transit, street furniture and other outdoor contractual rights	$557,381	$ (453,022)	$548,918	$ (440,284)
Permanent easements	162,920	—	162,920	—
Other	6,264	(4,244)	4,626	(2,318)
Total	$726,565	$ (457,266)	$716,464	$ (442,602)

Total amortization expense related to definite-lived intangible assets for the three months ended March 31, 2018 and 2017 was $5.2 million and $7.0 million, respectively.

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

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

(In thousands)	
2019	$15,456
2020	$13,080
2021	$12,841
2022	$10,937
2023	$6,601

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	Consolidated
Balance as of December 31, 2016	$505,478	$ 190,785	$ 696,263
Acquisitions	2,252	—	2,252
Impairment	—	(1,591)	(1,591)
Dispositions	—	(1,817)	(1,817)
Foreign currency	—	18,847	18,847
Assets held for sale	89	—	89
Balance as of December 31, 2017	$507,819	$ 206,224	$ 714,043
Foreign currency	—	4,624	4,624
Balance as of March 31, 2018	$507,819	$ 210,848	$ 718,667

NOTE 4 – LONG-TERM DEBT

Long-term debt outstanding as of March 31, 2018 and December 31, 2017 consisted of the following:

(In thousands)	March 31, 2018	December 31, 2017
Clear Channel Worldwide Holdings Senior Notes:		
6.5% Series A Senior Notes Due 2022	$735,750	$ 735,750
6.5% Series B Senior Notes Due 2022	1,989,250	1,989,250
Clear Channel Worldwide Holdings Senior Subordinated Notes:		
7.625% Series A Senior Subordinated Notes Due 2020	275,000	275,000
7.625% Series B Senior Subordinated Notes Due 2020	1,925,000	1,925,000
Senior Revolving Credit Facility Due 2018(1)	—	—
Clear Channel International B.V. Senior Notes Due 2020	375,000	375,000
Other debt	4,385	2,393
Original issue discount	(360)	(241)
Long-term debt fees	(32,679)	(35,426)
Total debt	$5,271,346	$ 5,266,726
Less: current portion	487	573
Total long-term debt	$5,270,859	$ 5,266,153

(1)

The senior revolving credit facility provides for borrowings up to $75.0 million (the revolving credit commitment). As of March 31, 2018, the Company had $66.5 million of letters of credit outstanding, and $8.5 million of availability, under the senior revolving credit facility.

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

The facility matures on August 22, 2018, and the Company is in advanced negotiations with potential lenders to refinance the existing credit facility prior to its maturity.
The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately $5.4 billion and $5.3 billion as of March 31, 2018 and December 31, 2017, respectively. Under the fair value hierarchy established by ASC 820-10-35, the market value of the Company's debt is classified as Level 1.

Surety Bonds, Letters of Credit and Guarantees
As of March 31, 2018, the Company had $41.7 million, $91.2 million and $39.9 million in surety bonds, letters of credit and bank guarantees outstanding, respectively. A portion of the outstanding bank guarantees and letters of credit were supported by $17.8 million and $25.4 million of cash collateral, respectively. Additionally, as of March 31, 2018, iHeartCommunications had outstanding commercial standby letters of credit and surety bonds of $1.2 million and $13.4 million, respectively, held on behalf of the Company. These surety bonds, letters of credit and bank guarantees relate to various operational matters, including insurance, bid and performance bonds, as well as other items.

NOTE 5 – COMMITMENTS AND CONTINGENCIES
The Company and its subsidiaries are involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued an estimate of the probable costs for the resolution of those claims for which the occurrence of loss is probable and the amount can be reasonably estimated. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in the Company's assumptions or the effectiveness of its strategies related to these proceedings. Additionally, due to the inherent uncertainty of litigation, there can be no assurance that the resolution of any particular claim or proceeding would not have a material adverse effect on the Company's financial condition or results of operations.
Although the Company is involved in a variety of legal proceedings in the ordinary course of business, a large portion of the Company's litigation arises in the following contexts: commercial disputes; misappropriation of likeness and right of publicity claims; employment and benefits related claims; governmental fines; intellectual property claims; and tax disputes.
Stockholder Litigation
On May 9, 2016, a stockholder of the Company filed a derivative lawsuit in the Court of Chancery of the State of Delaware, captioned GAMCO Asset Management Inc. v. iHeartMedia Inc. et al., C.A. No. 12312-VCS. The complaint named as defendants iHeartCommunications, Inc. ("iHeartCommunications"), the Company's indirect parent company, iHeartMedia, Inc. ("iHeartMedia"), the parent company of iHeartCommunications, Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. (together, the "Sponsor Defendants"), iHeartMedia's private equity sponsors and majority owners, and the members of the Company's board of directors. The Company also was named as a nominal defendant. The complaint alleged that the Company had been harmed by the intercompany agreements with iHeartCommunications, the Company's lack of autonomy over its own cash and the actions of the defendants in serving the interests of iHeartMedia, iHeartCommunications and the Sponsor Defendants to the detriment of the Company and its minority stockholders. Specifically, the complaint alleged that the defendants breached their fiduciary duties by causing the Company to: (i) continue to loan cash to iHeartCommunications under the intercompany note at below-market rates; (ii) abandon its growth and acquisition strategies in favor of transactions that would provide cash to iHeartMedia and iHeartCommunications; (iii) issue new debt in the CCIBV note offering (the "CCIBV Note Offering") to provide cash to iHeartMedia and iHeartCommunications through a dividend; and (iv)

effect the sales of certain outdoor markets in the U.S. (the “Outdoor Asset Sales”) allegedly to provide cash to iHeartMedia and iHeartCommunications through a dividend. The complaint also alleged that iHeartMedia, iHeartCommunications and the Sponsor Defendants aided and abetted the directors’ breaches of their fiduciary duties. The complaint further alleged that iHeartMedia, iHeartCommunications and the Sponsor Defendants were unjustly enriched as a result of these transactions and that these transactions constituted a waste of corporate assets for which the defendants are liable to the Company. The plaintiff sought, among other things, a ruling that the defendants breached their fiduciary duties to the Company and that iHeartMedia, iHeartCommunications and the Sponsor Defendants aided and abetted the board of directors’ breaches of fiduciary duty, rescission of payments to iHeartCommunications and its affiliates pursuant to dividends declared in connection with the CCIBV Note Offering and Outdoor Asset Sales, and an order requiring iHeartMedia, iHeartCommunications and the Sponsor Defendants to disgorge all profits they have received as a result of the alleged fiduciary misconduct.

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

On July 20, 2016, the defendants filed a motion to dismiss plaintiff's verified stockholder derivative complaint for failure to state a claim upon which relief can be granted. On November 23, 2016, the Court granted defendants' motion to dismiss all claims brought by the plaintiff. On December 19, 2016, the plaintiff filed a notice of appeal of the ruling. The oral hearing on the appeal was held on October 11, 2017. On October 12, 2017, the Supreme Court of Delaware affirmed the lower court's ruling, dismissing the case.

On December 29, 2017, another stockholder of the Company filed a derivative lawsuit in the Court of Chancery of the State of Delaware, captioned Norfolk County Retirement System, v. iHeartMedia, Inc., et al., C.A. No. 2017-0930-JRS. The complaint names as defendants iHeartMedia, iHeartCommunications, the Sponsor Defendants, and the members of the Company's board of directors. The Company is named as a nominal defendant. The complaint alleges that the Company has been harmed by the Company Board's November 2017 decision to extend the maturity date of the intercompany revolving note (the "Third Amendment") at what the complaint describes as far-below-market interest rates. Specifically, the complaint alleges that (i) iHeartMedia and Sponsor defendants breached their fiduciary duties by exploiting their position of control to require the Company to enter the Third Amendment on terms unfair to the Company; (ii) the Company Board breached their duty of loyalty by approving the Third Amendment and elevating the interests of iHeartMedia, iHeartCommunications and the Sponsor Defendants over the interests of the Company and its minority unaffiliated stockholders; and (iii) the terms of the Third Amendment could not have been agreed to in good faith and represent a waste of corporate assets by the Company Board. The complaint further alleges that iHeartMedia, iHeartCommunications and the Sponsor defendants were unjustly enriched as a result of the unfairly favorable terms of the Third Amendment. The plaintiff is seeking, among other things, a ruling that the defendants breached their fiduciary duties to the Company, a modification of the Third Amendment to bear a commercially reasonable rate of interest, and an order requiring disgorgement of all profits, benefits and other compensation obtained by defendants as a result of the alleged breaches of fiduciary duties.

On December 29, 2017, another stockholder of CCOH filed a derivative lawsuit in the Court of Chancery of the State of Delaware, captioned Norfolk County Retirement System, v. iHeartMedia, Inc., et al., C.A. No. 2017-0930-JRS. The complaint names as defendants the Company, iHeartCommunications, the Sponsor Defendants, and the members of CCOH's board of directors. CCOH is named as a nominal defendant. The complaint alleges that CCOH has been harmed by the CCOH Board's November 2017 decision to extend the maturity date of the intercompany revolving note (the "Third Amendment") at what the complaint describes as far-below-market interest rates. Specifically, the complaint alleges that (i) the Company and Sponsor defendants breached their fiduciary duties by exploiting their position of control to require CCOH to enter the Third Amendment on terms unfair to CCOH; (ii) the CCOH Board breached their duty of loyalty by approving the Third Amendment and elevating the interests of the Company, iHeartCommunications and the Sponsor Defendants over the interests of CCOH and its minority unaffiliated stockholders; and (iii) the terms of the Third Amendment could not have been agreed to in good faith and represent a waste of corporate assets by the CCOH Board. The complaint further alleges that the Company, iHeartCommunications and the Sponsor defendants were unjustly enriched as a result of the unfairly favorable terms of the Third Amendment. The plaintiff is seeking, among other things, a ruling that the defendants breached their fiduciary duties to CCOH, a modification of the Third Amendment to bear a commercially reasonable rate of interest, and an order requiring disgorgement of all profits, benefits and other compensation obtained by defendants as a result of the alleged breaches of fiduciary duties.

On March 7, 2018, the defendants filed a motion to dismiss plaintiff's verified derivative complaint for failure to state a claim upon which relief can be granted. On March 16, 2018, iHeartMedia filed a Notice of Suggestion of Pendency of Bankruptcy and Automatic Stay of Proceedings. On May 4, 2018, plaintiff filed its response to the motion to dismiss.

China Investigation

Several employees of Clear Media Limited, an indirect, non-wholly-owned subsidiary of the Company whose ordinary shares are listed, but are currently suspended from trading on, the Hong Kong Stock Exchange, are subject to an ongoing police investigation in China for misappropriation of funds. The police investigation is on-going, and the Company is not aware of any litigation, claim or assessment pending against the Company. Based on information known to date, the Company believes any contingent liabilities arising from potential misconduct that has been or may be identified by the investigations are not material to the Company's consolidated financial statements.

The Company advised both the United States Securities and Exchange Commission and the United States Department of Justice of the investigation at Clear Media Limited and is cooperating to provide information in response to inquiries from the agencies. The Clear Media Limited investigation could implicate the books and records, internal controls and anti-bribery provisions of the U.S. Foreign Corrupt Practices Act, which statute and regulations provide for potential monetary penalties as well as criminal and

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

civil sanctions. It is possible that monetary penalties and other sanctions could be assessed on the Company in connection with this matter. The nature and amount of any monetary penalty or other sanctions cannot reasonably be estimated at this time.

NOTE 6 — RELATED PARTY TRANSACTIONS

The Company records net amounts due from iHeartCommunications as “Due from iHeartCommunications” on the consolidated balance sheets. The amounts represent the revolving promissory note issued by the Company to iHeartCommunications and the revolving promissory note issued by iHeartCommunications to the Company in the face amount of $1.0 billion, or if more or less than such amount, the aggregate unpaid principal amount of all advances. The amounts accrue interest pursuant to the terms of the promissory notes and are generally payable on demand or when they mature on May 15, 2019.

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

As of March 31, 2018 and December 31, 2017, the asset recorded in “Due from iHeartCommunications” on the consolidated balance sheet was $154.8 million and $212.0 million, respectively. On March 14, 2018, iHeartMedia, iHeartCommunications and certain of iHeartMedia's direct and indirect domestic subsidiaries, not including the Company or any of its subsidiaries (collectively, the "Debtors"), filed voluntary petitions for relief (the "iHeart Chapter 11 Cases") under Chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division (the "Bankruptcy Court"). As an unsecured creditor of iHeartCommunications, the Company does not expect that the Company will be able to recover all of the amounts owed under the Due from iHeartCommunications Note upon the implementation of any plan of reorganization that is ultimately accepted by the requisite creditors and approved by the Bankruptcy Court. As a result, the Company recognized a loss of $855.6 million on the Due from iHeartCommunications Note during the fourth quarter of 2017 to reflect the estimated recoverable amount of the note as of December 31, 2017, based on management's best estimate of the cash settlement amount. In addition, starting January 1, 2018 the Company ceased recording interest income on the balance due from iHeartCommunications as the collectability of the interest was not considered probable. As a result of the $855.6 million allowance on the Due from iHeartCommunications Note and the $21.3 million reserve recognized in relation to interest incurred during the three months ended March 31, 2018, the amount outstanding of $1,031.7 million as of March 31, 2018 was reduced to $154.8 million as of March 31, 2018. The final settlement amount of the Due from iHeartCommunications note is expected to be negotiated as part of iHeartCommunications' bankruptcy proceedings. The final settlement amount may differ from the estimated recoverable amount of $154.8 million.

The terms of the Due from iHeartCommunications Note provide that any balance over $1.0 billion accrues at an interest rate equal to the average yield of the nearest dated reference security, capped at 20%. As of March 31, 2018, the balance outstanding on the "Due from iHeartCommunications" exceeded $1.0 billion and therefore the interest rate applied to $1.0 billion of the balance outstanding was 9.3%. The interest rate applied to the remaining balance was 20.0%. As noted above, no interest income was recorded during the three months ended March 31, 2018. The Company recognized interest income in the three months ended March 31, 2017 of $14.8 million.

Pursuant to a final order entered by the Bankruptcy Court, as of March 14, 2018, the actual pre-bankruptcy balance of the Due from iHeartCommunications Note is frozen, and following March 14, 2018, intercompany allocations that would have been reflected in adjustments to the balance of the Due from iHeartCommunications Note are instead reflected in a new intercompany balance that accrues interest at a rate equal to the interest under the Due from iHeartCommunications Note. The $3.4 million owed by the Company to iHeartCommunications as of March 31, 2018 is reflected as "Due to iHeartCommunications, post iHeart Chapter 11 Cases" on the Company's Consolidated Balance Sheet.

If the Company does not recognize the expected recovery under the Due from iHeartCommunications Note, or cannot obtain that amount on a timely basis, the Company could experience a liquidity shortfall. In addition, any repayments that the Company received on the Due from iHeartCommunications Note during the one-year preference period prior to the filing of the iHeart Chapter 11 Cases may potentially be avoidable as a preference and subject to recovery by the iHeartCommunications bankruptcy estate, which could further exacerbate any liquidity shortfall.

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

The Company provides advertising space on its billboards for iHeartMedia, Inc. and for radio stations owned by iHeartMedia, Inc. For the three months ended March 31, 2018 and 2017, the Company recorded $1.5 million and $1.8 million, respectively, in revenue for these advertisements.

Under the Corporate Services Agreement between iHeartCommunications and the Company, iHeartCommunications provides management services to the Company, which include, among other things: (i) treasury, payroll and other financial related services; (ii) certain executive officer services; (iii) human resources and employee benefits services; (iv) legal and related services; (v) information systems, network and related services; (vi) investment services; (vii) procurement and sourcing support services; and (viii) other general corporate services. These services are charged to the Company based on actual direct costs incurred or allocated by iHeartCommunications based on headcount, revenue or other factors on a pro rata basis. For the three months ended March 31, 2018 and 2017, the Company recorded $17.2 million and $16.2 million, respectively, as a component of corporate expenses for these services. The iHeart Chapter 11 Cases could materially impact iHeartCommunications' ability to provide these services to us, which could cause significant uncertainties for us and disrupt our operations and/or adversely affect our rights under the Corporate Services Agreement and the other intercompany agreements.

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

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

Pursuant to the Employee Matters Agreement, the Company’s employees participate in iHeartCommunications’ employee benefit plans, including employee medical insurance and a 401(k) retirement benefit plan. For the three months ended March 31, 2018 and 2017, the Company recorded $2.3 million and $2.4 million, respectively, as a component of selling, general and administrative expenses for these services.

NOTE 7 – INCOME TAXES

Income Tax Benefit (Expense)

The Company’s income tax benefit (expense) for the three months ended March 31, 2018 and 2017 consisted of the following components:

(In thousands)	Three Months Ended March 31,	
	2018	2017
Current tax benefit (expense)	$(25,121)	$6,258
Deferred tax benefit (expense)	(20,246)	15,579
Income tax benefit (expense)	$(45,367)	$21,837

The effective tax rate for the three months ended March 31, 2018 was (52.8)%. The effective rate was primarily impacted by the valuation allowance recorded against deferred tax assets resulting from current period net operating losses in U.S. federal, state and certain foreign jurisdictions due to uncertainty regarding the Company's ability to realize those assets in future periods.

The effective tax rate for the three months ended March 31, 2017 was 41.3%. The effective rate for the three months ended March 31, 2017 was primarily impacted by the Company's inability to benefit from losses in certain foreign jurisdictions due to uncertainty regarding the ability to utilize those losses in future periods.

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

On December 22, 2017, the U.S. government enacted comprehensive income tax legislation, referred to as The Tax Cuts and Jobs Act (the Tax Act) which reduced the U.S. federal corporate tax rate from 35% to 21% effective January 1, 2018. During the three months ended March 31, 2018, adjustments to the provisional income tax benefit recorded in December 2017 from the enactment of the Tax Act were not material. At March 31, 2018, we have not yet completed our accounting for the income tax effects of the Tax Act, but have made reasonable estimates of those effects on our existing deferred income tax balances. The final financial statement impact of the Tax Act may differ from our previously recorded estimates, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, and changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates to estimates the company has utilized to calculate the provisional impacts. The Securities and Exchange Commission (SEC) has issued rules that allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related income tax impacts.

NOTE 8 – STOCKHOLDERS' EQUITY (DEFICIT)

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 stockholders' equity (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 as of January 1, 2018	$(1,998,445)	$ 157,040	$(1,841,405)
Net loss	(126,932)	(4,416)	(131,348)
Dividends paid	(29,995)	—	(29,995)
Payments to noncontrolling interests	—	(97)	(97)
Share-based compensation	1,800	306	2,106
Foreign currency translation adjustments	2,001	5,236	7,237
Unrealized holding loss on marketable securities	(90)	—	(90)
Reclassification adjustments	—	—	—
Other, net	(17)	—	(17)
Balances as of March 31, 2018	$(2,151,678)	$ 158,069	$(1,993,609)
Balances as of January 1, 2017	$(1,080,812)	$ 149,886	$(930,926)
Net loss	(29,001)	(1,995)	(30,996)
Dividends declared	(282,486)	—	(282,486)
Payments from noncontrolling interests	—	826	826
Share-based compensation	2,230	129	2,359
Disposal of noncontrolling interest	—	(1,046)	(1,046)
Foreign currency translation adjustments	12,176	(2,523)	9,653
Unrealized holding loss on marketable securities	(57)	—	(57)
Reclassification adjustments	(1,644)	—	(1,644)
Other, net	(85)	(137)	(222)
Balances as of March 31, 2017	$(1,379,679)	$ 145,140	$(1,234,539)

The Company has granted restricted stock, restricted stock units and options to purchase shares of its Class A common stock to certain key individuals.

On February 23, 2017, the Company paid a special cash dividend to our stockholders of $282.5 million, using proceeds from the sales of certain non-strategic U.S. markets and of our business in Australia. iHeartCommunications received 89.9%, or approximately $254.0 million, with the remaining 10.1%, or approximately $28.5 million, paid to our public stockholders. The

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

payment of these special dividends reduces the amount of cash available to us for future working capital, capital expenditure, debt service and other funding requirements.

On January 5, 2018, the board of directors of the Company declared a special cash dividend paid on January 24, 2018 to Class A and Class B stockholders of record at the closing of business on January 19, 2018, in an aggregate amount equal to $30.0 million. iHeartCommunications received approximately 89.5%, or approximately $26.8 million, of the proceeds of the dividend through its wholly-owned subsidiaries. The remaining approximately 10.5% of the proceeds of the dividend, or approximately $3.2 million, was paid to the Company's public stockholders.

COMPUTATION OF LOSS PER SHARE

(In thousands, except per share data)	Three Months Ended March 31,	
	2018	2017
NUMERATOR:		
Net loss attributable to the Company – common shares	$(126,932)	$(29,001)
DENOMINATOR:		
Weighted average common shares outstanding - basic	361,515	360,754
Stock options and restricted stock[(1)]	—	—
Weighted average common shares outstanding - diluted	361,515	360,754
Net loss attributable to the Company per common share:		
Basic	$(0.35)	$(0.08)
Diluted	$(0.35)	$(0.08)

(1) Outstanding equity awards of 7.9 million and 7.2 million for the three months ended March 31, 2018 and 2017, respectively, were not included in the computation of diluted earnings per share because to do so would have been antidilutive.

NOTE 9 — OTHER INFORMATION

Other Comprehensive Income (Loss)

There was no change in deferred income tax liabilities resulting from adjustments to comprehensive loss for the three months ended March 31, 2018 and 2017.

NOTE 10 – 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 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 reportable segments, as well as overall executive, administrative and support functions. Share-based payments are recorded in corporate expenses.

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

As of January 1, 2018, the Company revised its segment reporting, as discussed in Note 1. The following table presents the Company's reportable segment results for the three months ended March 31, 2018 and 2017:

(In thousands)	Americas	International	Corporate and other reconciling items	Consolidated
Three Months Ended March 31, 2018				
Revenue	$255,847	$ 342,864	$ —	$ 598,711
Direct operating expenses	124,873	235,329	—	360,202
Selling, general and administrative expenses	48,950	78,458	—	127,408
Corporate expenses	—	—	35,435	35,435
Depreciation and amortization	44,504	38,565	991	84,060
Other operating expense, net	—	—	(54)	(54)
Operating income (loss)	$37,520	$ (9,488)	$ (36,480)	$ (8,448)
Capital expenditures	$12,907	$ 15,272	$ 493	$ 28,672
Share-based compensation expense	$—	$ —	$ 2,106	$ 2,106
Three Months Ended March 31, 2017				
Revenue	$260,346	$ 284,380	$ —	$ 544,726
Direct operating expenses	130,651	197,280	—	327,931
Selling, general and administrative expenses	50,378	65,396	—	115,774
Corporate expenses	—	—	34,540	34,540
Depreciation and amortization	42,816	33,152	1,526	77,494
Other operating income, net	—	—	32,611	32,611
Operating income (loss)	$36,501	$ (11,448)	$ (3,455)	$ 21,598
Capital expenditures	$13,588	$ 22,340	$ 416	$ 36,344
Share-based compensation expense	$—	$ —	$ 2,359	$ 2,359

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

NOTE 11 – GUARANTOR SUBSIDIARIES

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

(In thousands)	March 31, 2018					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$2,304	$—	$15,490	$135,435	$—	$153,229
Accounts receivable, net of allowance	—	—	180,224	455,597	—	635,821
Intercompany receivables	—	781,444	2,893,271	79,300	(3,754,015)	—
Prepaid expenses	264	3,075	68,448	79,908	—	151,695
Other current assets	25,441	—	2,577	34,890	—	62,908
Total Current Assets	28,009	784,519	3,160,010	785,130	(3,754,015)	1,003,653
Structures, net	—	—	651,882	499,587	—	1,151,469
Other property, plant and equipment, net	—	—	116,548	97,062	—	213,610
Indefinite-lived intangibles	—	—	977,152	—	—	977,152
Other intangibles, net	—	—	245,252	24,047	—	269,299
Goodwill	—	—	507,819	210,848	—	718,667
Due from iHeartCommunications	154,758	—	—	—	—	154,758
Intercompany notes receivable	182,026	5,097,092	5,746	16,273	(5,301,137)	—
Other assets	336,110	106,036	1,331,326	70,945	(1,717,500)	126,917
Total Assets	$700,903	$5,987,647	$6,995,735	$1,703,892	$(10,772,652)	$4,615,525
Accounts payable	$—	$—	$29,162	$91,482	$—	$120,644
Intercompany payable	2,893,271	—	860,744	—	(3,754,015)	—
Accrued expenses	(11,573)	2,662	118,597	394,342	—	504,028
Deferred income	—	—	43,752	64,975	—	108,727
Current portion of long-term debt	—	—	138	349	—	487
Total Current Liabilities	2,881,698	2,662	1,052,393	551,148	(3,754,015)	733,886
Long-term debt	—	4,897,308	3,898	369,653	—	5,270,859
Intercompany notes payable	—	16,273	5,039,418	245,446	(5,301,137)	—
Due to iHeartCommunications, post iHeart Chapter 11 Cases	3,445	—	—	—	—	3,445
Deferred tax liability	(67,381)	853	457,644	(54,329)	—	336,787
Other long-term liabilities	1,362	—	138,352	124,443	—	264,157
Total stockholders' equity (deficit)	(2,118,221)	1,070,551	304,030	467,531	(1,717,500)	(1,993,609)
Total Liabilities and Stockholders' Equity (Deficit)	$700,903	$5,987,647	$6,995,735	$1,703,892	$(10,772,652)	$4,615,525

18

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

(In thousands)	December 31, 2017					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$2,212	$—	$22,841	$119,066	$—	$144,119
Accounts receivable, net of allowance	—	—	192,493	466,970	—	659,463
Intercompany receivables	—	785,075	2,924,888	88,053	(3,798,016)	—
Prepaid expenses	291	3,433	50,028	58,124	—	111,876
Other current assets	25,441	—	2,552	30,721	—	58,714
Total Current Assets	27,944	788,508	3,192,802	762,934	(3,798,016)	974,172
Structures, net	—	—	675,443	505,439	—	1,180,882
Other property, plant and equipment, net	—	—	119,856	94,291	—	214,147
Indefinite-lived intangibles	—	—	977,152	—	—	977,152
Other intangibles, net	—	—	248,674	25,188	—	273,862
Goodwill	—	—	507,820	206,223	—	714,043
Due from iHeartCommunications	211,990	—	—	—	—	211,990
Intercompany notes receivable	182,026	5,087,742	12,437	16,273	(5,298,478)	—
Other assets	447,152	111,432	1,335,346	70,897	(1,840,293)	124,534
Total Assets	$869,112	$5,987,682	$7,069,530	$1,681,245	$(10,936,787)	$4,670,782
Accounts payable	$—	$—	$7,592	$80,368	$—	$87,960
Intercompany payable	2,924,888	—	873,128	—	(3,798,016)	—
Accrued expenses	1,167	(1,315)	91,325	418,624	—	509,801
Deferred income	—	—	25,278	33,900	—	59,178
Current portion of long-term debt	—	—	115	458	—	573
Total Current Liabilities	2,926,055	(1,315)	997,438	533,350	(3,798,016)	657,512
Long-term debt	—	4,895,104	1,820	369,229	—	5,266,153
Intercompany notes payable	—	16,273	5,046,119	236,086	(5,298,478)	—
Deferred tax liability	(93,111)	853	466,827	(56,462)	—	318,107
Other long-term liabilities	1,157	—	140,272	128,986	—	270,415
Total stockholders' equity (deficit)	(1,964,989)	1,076,767	417,054	470,056	(1,840,293)	(1,841,405)
Total Liabilities and Stockholders' Equity (Deficit)	$869,112	$5,987,682	$7,069,530	$1,681,245	$(10,936,787)	$4,670,782

19

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

(In thousands)	Three Months Ended March 31, 2018					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$—	$—	$253,663	$ 345,048	$—	$598,711
Operating expenses:						
Direct operating expenses	—	—	123,345	236,857	—	360,202
Selling, general and administrative expenses	—	—	48,723	78,685	—	127,408
Corporate expenses	3,059	—	23,922	8,454	—	35,435
Depreciation and amortization	—	—	45,228	38,832	—	84,060
Other operating income (expense), net	(104)	—	(600)	650	—	(54)
Operating income (loss)	(3,163)	—	11,845	(17,130)	—	(8,448)
Interest (income) expense, net	(2)	88,169	388	8,709	—	97,264
Intercompany interest income	4,146	90,228	5,297	—	(99,671)	—
Intercompany interest expense	—	217	94,374	5,080	(99,671)	—
Equity in earnings (loss) of nonconsolidated affiliates	(114,934)	(5,019)	(4,789)	(127)	125,057	188
Other income, net	416	—	1,641	17,486	—	19,543
Loss before income taxes	(113,533)	(3,177)	(80,768)	(13,560)	125,057	(85,981)
Income tax benefit (expense)	(13,399)	(2,662)	(34,166)	4,860	—	(45,367)
Consolidated net loss	(126,932)	(5,839)	(114,934)	(8,700)	125,057	(131,348)
Less amount attributable to noncontrolling interest	—	—	—	(4,416)	—	(4,416)
Net loss attributable to the Company	$(126,932)	$(5,839)	$(114,934)	$ (4,284)	$ 125,057	$(126,932)
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	—	—	70	7,167	—	7,237
Unrealized holding loss on marketable securities	—	—	—	(90)	—	(90)
Equity in subsidiary comprehensive income	1,911	(377)	1,841	—	(3,375)	—
Comprehensive income (loss)	(125,021)	(6,216)	(113,023)	2,793	121,682	(119,785)
Less amount attributable to noncontrolling interest	—	—	—	5,236	—	5,236
Comprehensive loss attributable to the Company	$(125,021)	$(6,216)	$(113,023)	$ (2,443)	$ 121,682	$(125,021)

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

(In thousands)	Three Months Ended March 31, 2017					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Revenue	$—	$—	$ 252,986	$ 291,740	$ —	$ 544,726
Operating expenses:						
Direct operating expenses	—	—	124,892	203,039	—	327,931
Selling, general and administrative expenses	—	—	48,471	67,303	—	115,774
Corporate expenses	3,927	—	22,281	8,332	—	34,540
Depreciation and amortization	—	—	43,517	33,977	—	77,494
Impairment charges	—	—	—	—	—	—
Other operating income (expense), net	(103)	—	32,603	111	—	32,611
Operating income (loss)	(4,030)	—	46,428	(20,800)	—	21,598
Interest (income) expense , net	(301)	88,331	(637)	5,240	—	92,633
Interest income on Due from iHeartCommunications	14,807	—	—	—	—	14,807
Intercompany interest income	4,065	85,102	15,018	—	(104,185)	—
Intercompany interest expense	14,807	57	89,167	154	(104,185)	—
Equity in loss of nonconsolidated affiliates	(32,636)	(21,289)	(25,700)	(875)	80,028	(472)
Other income (expense), net	5,447	—	(1,457)	(123)	—	3,867
Loss before income taxes	(26,853)	(24,575)	(54,241)	(27,192)	80,028	(52,833)
Income tax benefit (expense)	(2,148)	(1,107)	21,605	3,487	—	21,837
Consolidated net loss	(29,001)	(25,682)	(32,636)	(23,705)	80,028	(30,996)
Less amount attributable to noncontrolling interest	—	—	—	(1,995)	—	(1,995)
Net loss attributable to the Company	$(29,001)	$(25,682)	$(32,636)	$ (21,710)	$ 80,028	$ (29,001)
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	—	—	(226)	9,879	—	9,653
Unrealized holding loss on marketable securities	—	—	—	(57)	—	(57)
Other adjustments to comprehensive loss	—	—	—	(1,644)	—	(1,644)
Equity in subsidiary comprehensive income	10,475	5,199	10,701	—	(26,375)	—
Comprehensive loss	(18,526)	(20,483)	(22,161)	(13,532)	53,653	(21,049)
Less amount attributable to noncontrolling interest	—	—	—	(2,523)	—	(2,523)
Comprehensive loss attributable to the Company	$(18,526)	$(20,483)	$(22,161)	$ (11,009)	$ 53,653	$ (18,526)

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

(In thousands)	Three Months Ended March 31, 2018					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:						
Consolidated net loss	$(126,932)	$(5,839)	$(114,934)	$(8,700)	$125,057	$(131,348)
Reconciling items:						
Depreciation and amortization	—	—	45,228	38,832	—	84,060
Deferred taxes	25,729	—	(9,182)	3,699	—	20,246
Provision for doubtful accounts	—	—	854	832	—	1,686
Amortization of deferred financing charges and note discounts, net	—	2,204	—	424	—	2,628
Share-based compensation	—	—	1,800	306	—	2,106
Gain on disposal of operating assets, net	—	—	(136)	(52)	—	(188)
Equity in (earnings) loss of nonconsolidated affiliates	114,934	5,019	4,789	127	(125,057)	(188)
Foreign exchange transaction gain	—	—	(41)	(19,559)	—	(19,600)
Other reconciling items, net	—	—	(562)	(497)	—	(1,059)
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:						
Decrease in accounts receivable	—	—	11,886	24,431	—	36,317
(Increase) decrease in prepaids and other current assets	27	358	(19,065)	(19,743)	—	(38,423)
Increase (decrease) in accrued expenses	(12,620)	3,977	26,776	(44,965)	—	(26,832)
Increase in accounts payable	—	—	21,569	9,005	—	30,574
Increase in accrued interest	—	—	376	8,115	—	8,491
Increase in deferred income	—	—	16,740	30,644	—	47,384
Changes in other operating assets and liabilities	(1,981)	—	(870			