CMS ENERGY CORP
Form 424B3
January 21, 2005

PURSUANT TO RULE 424(b)3
REGISTRATION STATEMENT NO. 333-45556

PROSPECTUS
8,103,209 SHARES OF COMMON STOCK,
$.01 PAR VALUE

[CMS ENERGY LOGO]

CMS ENERGY CORPORATION
STOCK PURCHASE PLAN

We are pleased to offer the CMS Energy Corporation Stock Purchase Plan (hereinafter referred to as the "Stock Purchase Plan" or "Plan"), a direct stock purchase plan designed to provide investors with a convenient way to purchase shares of CMS Energy Corporation common stock ("CMS common stock") and to reinvest any dividends paid by CMS Energy Corporation ("CMS Energy") for the purchase of additional shares. Stock can be purchased and any dividends paid can be reinvested with no commissions or service charges.

SOME OF THE KEY FEATURES OF THE PLAN ARE:

- Enroll in the Plan at no charge with an initial investment of at least $250 per account. (This $250 minimum will be waived if you enroll in Automatic Investment for at least $50 for five months.) The maximum total amount that you may invest in any calendar year is $250,000.

- Through automatic investments deducted from your bank account of at least $25 per transaction, you can increase your investment in CMS common stock on an ongoing basis with no brokerage charges.

- Reinvest any dividends paid by CMS Energy toward the purchase of additional shares of CMS common stock at no charge.

- Directly deposit into your checking or savings account any dividends paid, putting your money to work immediately and saving you a trip to the bank.

- Have your CMS common stock certificates held in safekeeping at no charge.

- Give CMS common stock to others. (Gift acknowledgment forms are available.)

- Sell shares of CMS common stock directly through the Plan with a minimal brokerage commission.

- Periodically purchase additional CMS common stock with no commissions or service charges.

The CMS common stock is listed on the New York Stock Exchange under the symbol "CMS".

Investing in CMS common stock involves risks. See "CMS Energy Corporation" beginning on page 11 for information concerning risk factors.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

December 31, 2004

TABLE OF CONTENTS

DESCRIPTION OF THE STOCK PURCHASE PLAN

Purpose.. 1

Administration................................. 1

Eligibility.................................... 2

Enrollment..................................... 2

Reports.. 2

Dividends...................................... 3

Automatic Investment........................... 3

Additional Investments......................... 4

Investment Dates and Prices.................... 4

Sale of Shares................................. 5

Certificate Safekeeping........................ 6

Issuance of Stock Certificates................. 6

Gifts and Transfers of Shares.................. 7

Service Fees................................... 7

Withdrawal From the Stock Purchase Plan........ 7

Additional Information......................... 8

EMPLOYEE PAYROLL DEDUCTION........................ 8

U.S. FEDERAL INCOME TAXATION...................... 9

CMS ENERGY CORPORATION........................... 11

WHERE YOU CAN FIND MORE INFORMATION.............................. 13

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE......................... 14

USE OF PROCEEDS.................................. 16

LIMITATION OF LIABILITY......................... 16

LEGAL MATTERS.................................... 17

EXPERTS.. 17

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus is accurate as of any date other than the date on the front of this prospectus.

DESCRIPTION OF THE STOCK PURCHASE PLAN

PURPOSE

The purpose of the Stock Purchase Plan is to provide a convenient, no-cost way to invest in CMS common stock and to reinvest any CMS common stock dividends paid by CMS Energy.

ADMINISTRATION

We administer the Plan through our Investor Services Department. As Plan Administrator, Investor Services acts as transfer agent, keeps records, sends statements and performs other duties related to the Plan. We have the right to change the Plan Administrator.

You can contact the Plan Administrator as follows.

Written Inquiries:	CMS ENERGY INVESTOR SERVICES ONE ENERGY PLAZA JACKSON, MI 49201
E-mail Inquiries:	INVEST@CMSENERGY.COM
Telephone Inquiries:	517-788-1868
Fax Inquiries:	517-788-1859
Requests for Enrollment Packages:	517-788-1868
Web Site:	WWW.CMSENERGY.COM/SHAREHOLDER (Secure Web forms are available on this Web site.)
Enroll Online:	Click on "INVEST IN CMS" AT WWW.CMSENERGY.COM

An agent independent of us makes any open market purchases and sales of CMS common stock for the Plan.

ELIGIBILITY

Anyone, whether or not a holder of CMS common stock, may be eligible to participate in the Plan by following the enrollment procedures.

ENROLLMENT

If you are already a holder of CMS common stock with shares registered in your name, you can enroll in the Plan by completing and returning the Stock Purchase Plan Authorization form along with any other required documents. If you are not currently a registered shareholder, you can enroll in the Plan by completing and returning the authorization form with an initial investment of at least $250 per account. (This $250 minimum will be waived if you enroll in Automatic Investment for at least $50 per month.) You can also enroll online using our secure Web forms at www.cmsenergy.com/shareholder. The maximum total amount that you may invest in any calendar year is $250,000. TO OBTAIN AUTHORIZATION FORMS AND OTHER MATERIAL, PLEASE REFER TO THE BACK COVER OF THIS DOCUMENT.

REPORTS

You will receive a statement of account whenever there is activity in your account or at least annually. YOU SHOULD RETAIN THESE STATEMENTS TO ESTABLISH THE COST BASIS FOR INCOME TAX AND OTHER PURPOSES. You will also receive communications sent to all other shareholders, such as annual reports and proxy statements.

2

DIVIDENDS

As of the date of this prospectus, CMS Energy is not paying common stock dividends. If, in the future, common stock dividends are paid by CMS Energy, you can reinvest some or all of any such common dividends to purchase additional shares of CMS common stock. If you prefer, you can have your dividends directly deposited into your bank account or paid to you via check. No fees will be charged for any of these options. Unless you select a different option, we will reinvest any dividends paid. Common stock dividend payment dates will be declared by our board of directors when and if deemed appropriate.

AUTOMATIC INVESTMENT

You can make your initial investment or purchase additional shares of CMS common stock through automatic deductions from an account at a bank or other financial institution that is a member of the National Automated Clearing House Association. Initial investments must be either a one-time deduction of at least $250 (these will be invested on the next investment weekly date) or ongoing monthly deductions of at least $50 for five months (these monthly investments will continue until cancelled by you). To purchase additional shares, the minimum investment amount is $25 per transaction. You choose the frequency of the investment (semimonthly or monthly). The funds are transferred from your checking or savings account on the banking day prior to the investment date(s) you choose. You can enroll in Automatic Investment using the appropriate section of the Stock Purchase Plan Authorization form, by completing and returning an Automatic Investment Authorization form or using our secure

3

Web forms on our Web site. There is no charge for this Automatic Investment service. Automatic Investment authorization and cancellation require a ten-day written notice. To request Automatic Investment forms, please refer to the back

cover of this document.

ADDITIONAL INVESTMENTS

You can make investments by sending a check or money order to the Plan Administrator at any time. Please do not send cash or third party checks. The check or money order should be payable in U.S. dollars to CMS STOCK PLAN, should be for at least $25 and must be received by noon on the day of investment. Include the top portion of your Stock Purchase Plan Statement of Account or reference your account number on your check. Please mail to the address indicated on the back cover of this document. There is no commission or other charge for this service. You may invest a maximum total amount of $250,000 in a calendar year.

INVESTMENT DATES AND PRICES

Investment purchases are on the following schedule:

- As soon as practicable after any CMS common stock dividend payment date.

- On the first and 16th day of each month or as soon as practicable thereafter.

- Or at least weekly, generally on Wednesday.

No INTEREST WILL BE PAID ON AMOUNTS RECEIVED BUT NOT YET INVESTED. Shares of CMS common stock purchased will be either newly

issued shares or, at our discretion, will be purchased in the open market (New York Stock Exchange) by the Plan's independent agent. Neither CMS Energy nor the Plan participants will have the authority to direct or control how or when the independent agent purchases shares of CMS common stock. We will credit newly issued shares of CMS common stock to your account at the AVERAGE OF THE HIGH AND LOW SALE PRICES OF OUR COMMON STOCK AS REPORTED ON THE NEW YORK STOCK EXCHANGE COMPOSITE TAPE FOR THE TRADING DAY PRECEDING THE PURCHASE DATE. We will credit shares of CMS common stock purchased in the open market to your account at the actual weighted average price per share incurred. You will not pay brokerage commissions for the shares purchased.

SALE OF SHARES

You can request the sale of some or all of your CMS common stock by completing the appropriate section of the form included on your account statement and returning it to the Plan Administrator. Sale requests can also be submitted via our Web site. The Administrator will forward the sale instructions to the independent agent for sale. Sales will generally be made weekly. The independent agent will sell your shares, together with the shares of other Plan participants, in the open market, and the price will be the weighted average of all shares included in the sale.

We will pay to you by check the proceeds from the sale of your shares, less a nominal brokerage fee (as of the date of this Prospectus, approximately

$.05 per share). Checks are made payable as your account is registered. Requests to change the payee require "Medallion Guaranteed" signatures of all owners, guaranteed by a financial institution participating in the Medallion Guarantee

program. Medallion Guaranteed signatures also are required on all sale requests that are likely to exceed a market value of $5,000. We cannot accept instructions to sell your shares on a specific day, at a specific price, in a specific manner, or equal to a specific dollar value. You determine and indicate the number of SHARES to be sold. To obtain sale request forms, please refer to the back cover of this document.

CERTIFICATE SAFEKEEPING

Shares of CMS common stock that you purchase through the Plan are held in your account in book-entry form. If you have certificates for CMS common stock, you can deposit these certificates with us for safekeeping. All safekeeping shares are held in your account in book-entry form. This no-cost option saves you the trouble of keeping certificates and avoids the nuisance and expense of replacing certificates that become lost, destroyed, or stolen.

ISSUANCE OF STOCK CERTIFICATES

You can obtain certificates for some or all of the full shares in your account at no cost by completing the appropriate section of the form included on your account statement and returning it to the Plan Administrator. You can also request a stock certificate on our Web site or by contacting us in writing as indicated on the back cover of this document.

GIFTS AND TRANSFERS OF SHARES

You can transfer ownership of some or all of the shares in your account by providing the Plan Administrator with written, signed transfer instructions. Signatures of all registered shareholders must be Medallion Guaranteed by a financial institution participating in the Medallion Guarantee program. To obtain transfer request forms, please refer to the back cover of this document. These forms are also available on the Web site.

SERVICE FEES

There are NO FEES, COMMISSIONS, OR SERVICE CHARGES OF ANY KIND for initial stock purchases, automatic investment, additional stock purchases, transfers of stock, dividend reinvestment, direct deposit of dividends, or issuance of stock certificates. The only charge associated with the Plan is a minimal brokerage commission for the sale of stock. As of the date of this Prospectus, the brokerage commission for the sale of stock is approximately $0.05 per share.

WITHDRAWAL FROM THE STOCK PURCHASE PLAN

You can terminate your participation in the Plan either by completing and returning the appropriate section of the form included on your account statement, by providing written, signed notice to the Plan Administrator, or on our Web site. You can terminate either by selling all of your shares or by requesting a certificate for all of your whole shares and a check for the market value of your fractional share. If a certificate or check is to be issued in a name(s) other than the name(s) on your account,

your written request, signed by all owners, must be Medallion Guaranteed by a financial institution participating in the Medallion Guarantee program.

ADDITIONAL INFORMATION

- Any shares resulting from a stock split or stock dividend paid on shares held in your Plan account will be credited to your account in book-entry form. In the event of a rights offering, you will receive rights based on the total number of whole shares in your account.

- We will make available to you a proxy statement in connection with each meeting of our shareholders, along with an opportunity to vote the shares in your Plan account. Your proxy, when properly submitted, will be voted as you indicate. Your shares will not be voted unless you vote them.

- We reserve the right to suspend, modify or terminate the Plan at any time. All participants will receive notice of any such suspension, modification or termination. If we terminate the Plan, certificates for whole shares held in your account will be issued and a cash payment will be made for any fractional share.

EMPLOYEE PAYROLL DEDUCTION

Our employees (including part-time employees, but not temporary or contract employees) and employees of our subsidiaries who participate in the Plan can invest through the Plan by submitting

an "Employee Payroll Deduction Authorization Form." The Employee Payroll Deduction Authorization Form authorizes the Plan to make payroll deductions of at least $6.25 per pay period for employees paid weekly and at least $12.50 per pay period for employees paid semimonthly and to use the deductions for the purchase of CMS common stock pursuant to the Plan. Employees may, at any time, increase or decrease, within the above limits, the amount of the deduction by notifying the Plan Administrator at the address on the back cover of this document. Payroll deduction authorizations previously provided remain in effect unless the Plan Administrator is otherwise notified.

All other aspects of the Plan apply to employees.

U.S. FEDERAL INCOME TAXATION

The following discussion relates to certain federal income tax consequences if you participate in the Plan. The full effect upon you will depend upon your individual circumstances. We suggest you discuss this material, as well as the impact of state and local taxes, with your tax advisor.

You will be required to include in your gross income for federal income tax purposes amounts equal to any dividends reinvested through the Plan as if you had directly received the cash. You will have no taxable income upon the purchase of shares under the plan. You will not realize taxable gain or loss upon deposit of shares into the Plan or the withdrawal of whole shares from the Plan.

However, you will recognize gain or loss when you sell shares or receive cash for your fractional shares. Gain or loss will generally be a capital gain or loss; long-term or short-term depending on your holding period.

Your tax basis will be the cost of your shares. The holding period will begin the day after the shares are allocated to your account. The statements you receive from us are your continuing record of the cost of your purchases and

should be retained for tax purposes.

All or a portion of any dividends distributed to you may be a return of capital and, as such, would not be taxable as ordinary income. In the event of a return of capital distribution, we will provide you with reports that will indicate that we have made a return of capital distribution during the year. If you receive a return of capital dividend, you must reduce the tax basis of the share on which the dividend is paid by the amount of the dividend that is a return of capital. If the amount that is a return of capital exceeds the tax basis, the excess must be reported as capital gains.

If you fail to furnish a properly completed Form W-9 or its equivalent, then the "backup withholding" provisions of the Internal Revenue Code will cause us to withhold the required tax from any dividends or sales proceeds.

Investors who are citizens or residents of a country other than the United States are generally

subject to a withholding tax on any dividends paid through the Plan. We are required to withhold from dividends the appropriate amount determined in accordance with Internal Revenue Service regulations. Where applicable, this withholding tax is determined by treaty between the United States and the country in which the investor resides.

CMS ENERGY CORPORATION

The following description of our business does not purport to be comprehensive. You should read the documents incorporated by reference in this document before making an investment decision. For additional information concerning CMS Energy and our subsidiaries' business and affairs, including our capital requirements and external financing plans, pending legal and regulatory proceedings and descriptions of certain laws and regulations to which those companies are subject, you should refer to the incorporated documents (see "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference" on pages 13 and 14).

We are an integrated energy holding company operating through subsidiaries in the United States and selected markets around the world. We are the parent holding company of Consumers Energy Company ("Consumers") and CMS Enterprises Company ("Enterprises"). Consumers, a combination electric and gas utility company serving 61 of the 68 counties in Michigan's Lower Peninsula, is our largest subsidiary. Consumers' electric and gas businesses are principally regulated utility opera-

tions. Consumers' customer base includes a mix of residential, commercial and diversified industrial customers, the largest segment of which is the automotive industry. Enterprises, through subsidiaries and equity investments is engaged in domestic and international diversified energy businesses including natural gas transmission storage and processing, independent power production, and energy services.

From time to time, we may make statements regarding our assumptions, projections, expectations, intentions or beliefs about future events. This prospectus contains or incorporates by reference forward-looking statements as defined in Rule 3b-6 of the Securities Exchange Act of 1934, as amended, Rule 175 of the Securities Act of 1933, as amended, and relevant legal decisions. The

words "may," "could," "intend," "plan," "believe," "expect," "estimate," "project" and "anticipate" or similar expressions identify forward-looking statements. Where any forward-looking statement includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that, while such assumptions or bases are believed to be reasonable and are made in good faith, assumed facts or bases almost always vary from actual results, and the differences between assumed facts or bases and actual results can be material, depending upon the circumstances. Where, in any forward-looking statement, we, or our management, express an expectation or belief as to future results, this expectation or belief is expressed in good faith and is believed to have a reasonable basis, but there can be no assurance that the statement of expecta-

12

tion or belief will result or be achieved or accomplished. We have no obligation to update or revise forward-looking statements regardless of whether new information, future events or any other factors affect the information contained in the statements.

Investing in CMS common stock involves risks. For details concerning certain risk factors, uncertainties and assumptions you should refer to the section entitled "Forward-looking Statements and Risk Factors" in the Management's Discussion and Analysis section of our Form 10-Q for the quarter ended September 30, 2004, other incorporated documents, and periodically in various public filings we make with the SEC. This discussion of potential risks and uncertainties is by no means complete but is designed to highlight important factors that may impact our outlook.

Direct all inquiries related to the Stock Purchase Plan to the address, Web site or telephone number indicated on the back cover of this document.

The address of our principal executive office is ONE ENERGY PLAZA, JACKSON, MICHIGAN 49201. Our telephone number is 517-788-0550.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Our filings are available over the Internet at the Commission's Web site at http://www.sec.gov. You may also read and copy any document that we file with the Commission at

13

the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Room 1024, Washington, D.C. 20549. The outstanding shares of CMS common stock are listed on the New York Stock Exchange and reports, proxy statements and other information concerning our company may also be inspected and copied at its offices at 20 Broad Street, New York, New York 10005. You can find additional information about us, including our Annual Report on Form 10-K/A No. 2 for the year ended December 31, 2003 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004, and September 30, 2004, on our Web site at http://www.cmsenergy.com. The information on the Web site is not part of this Prospectus.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission allows us to "incorporate by reference" the information we file

with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the Commission will automatically update and supersede this information. We incorporated by reference the following documents filed by CMS Energy (File No. 1-9513) with the Commission pursuant to the Securities Exchange Act of 1934, as amended and these documents will be deemed to be a part of this prospectus:

14

(1) CMS Energy's Annual Report on Form 10-K/A No. 2 for the year ended December 31, 2003;

(2) CMS Energy's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2004; and

(3) CMS Energy's Current Reports on Form 8-K filed January 22, March 18, April 14, June 3, August 20, August 31, September 1, October 6, October 12, October 13, October 19, November 9, December 6, December 8, December 13, and December 22, 2004.

We incorporate by reference all future filings we make with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended and prior to the termination of the offering made by this prospectus and they will be deemed to be a part of this prospectus from the date of filing of such documents. Any statement contained in an incorporated document will be considered modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed incorporated document modifies or supersedes such statement. Any such statement so modified or superseded will not be considered, except as so modified or superseded, to constitute a part of this prospectus.

You may request a copy of these filings other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents), at no cost by writing or telephoning

15

us at the offices of our INVESTOR SERVICES located at ONE ENERGY PLAZA, JACKSON, MICHIGAN, 49201; TELEPHONE: 517-788-1868.

Certain information contained in this prospectus summarizes, is based upon, or refers to information and financial statements contained in one or more incorporated documents; accordingly, such information contained in this prospectus is qualified in its entirety by reference to such documents and should be read in conjunction with those documents.

USE OF PROCEEDS

Shares purchased for Plan participants with reinvested cash dividends and other investments will, at our option, be either shares newly issued by us or shares purchased in the open market by the independent agent. When newly issued shares are used, we will use the proceeds for general corporate purposes.

LIMITATION OF LIABILITY

If you choose to participate in the Plan, neither we nor the Plan Administrator can assure you of a profit or protect you against a loss on the shares that you purchase under the Plan. We, the Plan Administrator, and any independent agent will not be liable for any act done in good faith or for the good faith omission

to act in connection with the Plan. This limitation of liability does not constitute a waiver by any participant of his or her rights under the federal securities laws.

Although the Plan provides for the reinvestment of dividends, the declaration and payment of dividends will continue to be determined by our board of directors at its discretion, depending upon future earnings, the financial condition of our company, and other factors. The amount and timing of dividends may be changed, or the payment of dividends terminated, at any time without notice.

This prospectus supersedes all prior prospectuses relating to the Plan.

LEGAL MATTERS

An opinion as to the legality of the securities offered herein has been rendered for us by Robert C. Shrosbree, Assistant General Counsel for CMS Energy.

EXPERTS

The consolidated financial statements and schedule of CMS Energy appearing in its Annual Report (Form 10-K/A No. 2) for the year ended December 31, 2003, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference which are based in part on the report of Price Waterhouse, independent accountants, for Jorf Lasfar and the reports of PricewaterhouseCoopers LLP, independent registered public accounting firm, for 2003 and 2002 and Arthur Andersen LLP, independent accoun-

tants, (who have ceased operations) for 2001 for the MCV Partnership. Such consolidated financial statements and schedule are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

The financial statements of Emirates CMS Power Company PJSC appearing in CMS Energy's Annual Report (Form 10-K/A No. 2) for the year ended December 31, 2003, have been audited by Ernst & Young, independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference. Such financial statements are incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The consolidated financial statements of SCP Investments (No. 1) Pty Ltd appearing in CMS Energy's Annual Report (Form 10K/A) for the year ended June 30, 2004, have been audited by Ernst & Young, independent registered public accounting firm, as set forth in their report thereon included therein and incorporated herein by reference in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The financial statements of Jorf Lasfar as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 incorporated herein by reference have been so included in reliance on the report of Price Waterhouse, independent accountants given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of the MCV Partnership as of and for the years ended December 31, 2003 and 2002 incorporated herein by reference have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The audited consolidated financial statements of the MCV Partnership for the year ended December 31, 2001, incorporated herein by reference, have been audited by Arthur Andersen LLP, independent accountants. Arthur Andersen LLP has not consented to the inclusion of their report on the financial statements of the MCV Partnership for the year ended December 31, 2001 in this prospectus, and we have dispensed with the requirement to file their consent in reliance upon Rule 437a of the Securities Act of 1933, as amended. Because Arthur Andersen LLP has not consented to the incorporation by reference of their report in this prospectus, you will not be able to recover against Arthur Andersen LLP under Section 11 of the Securities Act for any untrue statements of a material fact contained in the financial statements audited by Arthur Andersen LLP or any omissions to state a material fact required to be stated therein.

Future financial statements of CMS Energy and the reports thereon of Ernst & Young LLP and Ernst & Young also will be incorporated by reference in this prospectus in reliance upon the authority of that firm as experts in giving those reports to the extent said firm has audited those financial statements and consented to the use of its reports thereon.

CMS ENERGY CORPORATION

STOCK
PURCHASE
PLAN

A COMMISSION-FREE DIVIDEND REINVESTMENT
AND STOCK PURCHASE PROGRAM
OFFERED BY CMS ENERGY CORPORATION

Prospectus dated December 31, 2004

[CMS ENERGY CORPORATION LOGO]

CMS ENERGY CORPORATION

STOCK PURCHASE PLAN
INVESTOR SERVICES
ONE ENERGY PLAZA
JACKSON, MI 49201

CMS Energy
Web site: WWW.CMSENERGY.COM/SHAREHOLDER
(Most forms are available on this Web site.)

E-mail: INVEST@CMSENERGY.COM

Telephone: 517-788-1868

Fax: 517-788-1859

Enroll online: CLICK ON "INVEST IN CMS" AT WWW.CMSENERGY.COM

Checks: MAKE PAYABLE TO CMS STOCK PLAN

[CMS ENERGY CORPORATION LOGO]
WWW.CMSENERGY.COM

Since: 1993

Board Committees:

Chair, Executive

Private Investor; President and Chief Executive Officer of the Company, from October, 1994 through December, 2008, retired from the Company June, 2009 None

Mr. Deming s experience as President and Chief Executive Officer of Murphy Oil Corporation gives him insights into the Company s challenges, opportunities and operations.

Robert A. Hermes

Houston, Texas

Age: 70

Director Since: 1999

Board Committees:

Executive

Chair, Nominating &

Governance, Environmental, Health & Safety

Chairman of the Board, Retired,
Purvin & Gertz, Inc., an international energy consulting firm; Chairman, Purvin & Gertz from January, 2000 to October, 2004 None

Dr. Hermes has broad experience in economic and technical aspects of petroleum refining, crude oil pricing, oil logistics, petroleum marketing, and interfuel competition. He brings to the Board expertise in strategic planning, feasibility studies and planning studies.

3

Name and age	Principal occupation or employment	Certain other directorships
James V. Kelley Tupelo, Mississippi Age: 60 **Director Since:** 2006 **Board Committees:** Audit Executive Compensation	President and Chief Operating Officer, BancorpSouth, Inc., since 2000	**BancorpSouth, Inc.** Tupelo, Mississippi

Mr. Kelley has extensive knowledge of the capital markets and accounting issues from his experience as President and Chief Operating Officer of BancorpSouth, Inc., and is invaluable to our Board s discussions of the Company s capital and liquidity needs.

Name and age	Principal occupation or employment	Certain other directorships
R. Madison Murphy El Dorado, Arkansas Age: 52 **Director Since:** 1993 (Chairman, 1994-2002) **Board Committees:** Executive Chair, Audit	Managing Member, Murphy Family Management, LLC, which manages investments, farm, timber and real estate, since 1998	**Deltic Timber Corporation** El Dorado, Arkansas **BancorpSouth, Inc.** Tupelo, Mississippi

Mr. Murphy served as Chairman of the Board of Murphy Oil Corporation from 1994 to 2002. This, along with his current memberships on the Board of Directors of both BancorpSouth, Inc. and Deltic Timber Corporation brings to our Board a unique perspective on the business.

Name and age	Principal occupation or employment	Certain other directorships
William C. Nolan, Jr. El Dorado, Arkansas Age: 70	Partner, Nolan & Alderson, Attorneys, since 1969; President, Noalmark Broadcasting Corporation, engaged in radio broadcasting, since 1973	None

Director Since: 1977

Board Committees:

Chairman of the Board,

ex-officio member of all other committees

Mr. Nolan combines experience in two key areas of interest to Murphy Oil Corporation, marketing and law. As a Partner in his law firm, he brings invaluable expertise and counsel to the Board.

Neal E. Schmale San Diego, California Age: 63	President and Chief Operating Officer, Sempra Energy, an energy services holding company, since February, 2006; previously Executive Vice President and Chief Financial Officer of Sempra Energy	**Sempra Energy** San Diego, California
Director Since: 2004		**WD-40 Company** Chairman San Diego, California
Board Committees: Audit Executive Compensation		

Mr. Schmale is currently President and Chief Operating Officer of a Fortune 500 energy services company, bringing to our Board the perspective of a leader facing the same set of current external economic, social and governance issues.

Name and age	Principal occupation or employment	Certain other directorships
David J.H. Smith Maidstone, Kent, England Age: 68 **Director Since:** 2001 **Board Committees:** Chair, Executive Compensation Environmental, Health & Safety	Chief Executive Officer, Retired, Whatman Plc, a life sciences company, since September, 2001	**Idatech plc** London, U.K.

Dr. Smith s experience as Chief Executive Officer of a UK-based, life sciences company provides the Board with a global perspective.

Caroline G. Theus Alexandria, Louisiana Age: 66 **Director Since:** 1985 **Board Committees:** Executive Chair, Environmental, Health & Safety	President, Inglewood Land & Development Co., a holding company, since 1980; President, Retired, Keller Enterprises, LLC which manages investments and real estate holdings, since 2008	None

Mrs. Theus is President of a farming and land holding corporation, bringing to the Board unique insights during discussions concerning the environment.

David M. Wood El Dorado, Arkansas Age: 53	President and Chief Executive Officer of the Company, since January, 2009; previously Executive Vice President and President of Murphy Exploration & Production Company from January, 2007 to December, 2008 and President of Murphy Exploration & Production	None

Director Since: 2009

Company-International from March, 2003 to December, 2006

Board Committees:

Executive

Mr. Wood s day-to-day leadership as Chief Executive Officer of Murphy Oil Corporation allows him to provide the Board with his intimate perspective of our operations.

BOARD LEADERSHIP STRUCTURE

The Chairman of the Board of Directors, independent directors and Chief Executive Officer bring different perspectives and roles to the Company s management, oversight and strategic development. The Company s directors bring experience and expertise from both inside and outside the company and industry, while the Chief Executive Officer is most familiar with the Company s business and industry, and most capable

of leading the execution of the Company s strategy. The Board believes the separate role of Chairman and Chief Executive Officer is currently in the best interest of shareholders because it provides the appropriate balance between strategy development and independent oversight of management. The Board will, however, maintain its flexibility to make this determination at any given point in time to provide appropriate leadership for the Company.

RISK MANAGEMENT

The Board exercises risk management oversight and control both directly and indirectly, the latter through various Board Committees as discussed below. The Board regularly reviews information regarding the Company s credit, liquidity and operations, including the risks associated with each. The Company s Executive Compensation Committee is responsible for overseeing the management of risks relating to the Company s executive compensation plans and arrangements. The Audit Committee is responsible for oversight of financial risks, including the steps the Company has taken to monitor and mitigate these risks. The Nominating & Governance Committee, in its role of reviewing and maintaining the Company s corporate governance guidelines, manages risks associated with the independence of the Board and potential conflicts of interest. The Environmental, Health & Safety Committee oversees management of risks associated with environmental, health and safety issues. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board is regularly informed through committee reports about such risks.

COMMITTEES

The standing committees of the Board are the Executive Committee, the Audit Committee, the Executive Compensation Committee, the Nominating & Governance Committee and the Environmental, Health & Safety Committee.

The Executive Committee is empowered to exercise certain functions of the Board when the Board is not in session.

The Audit Committee has the sole authority to appoint or replace the Company s independent registered public accounting firm which reports directly to the Audit Committee. The Audit Committee also assists with the Board s oversight of the integrity of the Company s financial statements, the independent registered public accounting firm s qualifications, independence and performance, the performance of the Company s internal audit function, the compliance by the Company with legal and regulatory requirements, and the review of programs related to compliance with the Company s Code of Business Conduct and Ethics. The Audit Committee meets with representatives of the independent registered public accounting firm and with members of the internal Auditing Department for these purposes. All of the members of the Audit Committee are independent under the rules of the New York Stock Exchange, the requirements of the Securities and Exchange Commission and the Company s categorical independence standards. The Board has determined that Neal E. Schmale is qualified as an Audit Committee Financial Expert as defined in Item 407 of Regulation S-K.

The Executive Compensation Committee oversees the compensation of the Company s executives and directors and administers the Company s Annual Incentive Compensation Plan, the Long-Term Incentive Plan and the Stock Plan for Non-Employee Directors. All of the members of the Executive Compensation Committee are independent under the rules of the New York Stock Exchange and the Company s categorical independence standards. The Compensation Discussion and Analysis section below contains additional information about the Executive Compensation Committee.

The Nominating & Governance Committee identifies and recommends potential Board members, recommends appointments to Board committees, oversees evaluation of the Board s performance and reviews

and assesses the Corporate Governance Guidelines of the Company. All of the members of the Nominating & Governance Committee are independent under the rules of the New York Stock Exchange and the Company s categorical independence standards. Information regarding the process for evaluating and selecting potential director candidates, including those recommended by stockholders, is set out in the Company s Corporate Governance Guidelines. Stockholders desiring to recommend candidates for membership on the Board for consideration by the Nominating & Governance Committee should address their recommendations to: Nominating & Governance Committee of the Board of Directors, c/o Secretary, Murphy Oil Corporation, P.O. Box 7000, El Dorado, Arkansas 71731-7000. As a matter of policy, candidates recommended by stockholders are evaluated on the same basis as candidates recommended by the Board members, executive search firms or other sources. The Corporate Governance Guidelines also provide a mechanism by which stockholders may send communications to Board members.

The Environmental, Health & Safety Committee assists the Board in monitoring compliance with applicable environmental, health and safety laws and regulations and provides guidance as to public issues affecting the Company.

Charters for the Audit, Executive Compensation, Nominating & Governance and Environmental, Health & Safety Committees, along with the Corporate Governance Guidelines and the Code of Ethical Conduct for Executive Management, are available on the Company s Web site, *www.murphyoilcorp.com/about/governance/default.aspx*.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Members of the Executive Compensation Committee during 2009 were David J.H. Smith (Chair), William C. Nolan, Jr., Neal E. Schmale and James V. Kelley. During 2009, none of the members of the Committee (a) was an officer or employee of the Company, (b) was a former officer of the Company or (c) had any relationship requiring disclosure by the Company under any paragraph of Item 404 of Regulation S-K.

MEETINGS AND ATTENDANCE

During 2009, there were six meetings of the Board, eleven meetings of the Executive Committee, seven meetings of the Audit Committee, five meetings of the Executive Compensation Committee, two meetings of the Nominating & Governance Committee, and two meetings of the Environmental, Health & Safety Committee. All nominees attended a minimum of 75% of the total number of meetings of the Board and committees on which they served. All Board members attended the 2009 Annual Meeting of Stockholders. As set forth in the Company s Corporate Governance Guidelines, all Board members are expected to attend each Annual Meeting of Stockholders.

COMPENSATION OF DIRECTORS

Since 2003, the Company s standard arrangement for compensation of non-employee directors has included a combination of cash and equity. In 2009, the cash component consisted of an annual retainer of $50,000, plus $2,000 for each Board or committee meeting attended. Supplemental retainers were paid to the Chairman of the Board ($115,000), the Audit Committee Chairman ($15,000), the Audit Committee Financial Expert ($10,000), other members of the Audit Committee ($7,500), the Executive Compensation Committee Chairman ($15,000) and the Chair of each other committee ($10,000). The Company also reimburses directors for travel, lodging and related expenses they incur in attending Board and committee meetings.

The equity component for 2009 was provided by time lapse restricted stock units. Each non-employee director, other than Mr. Deming, received 5,310 shares of restricted stock units, valued at $234,171 based on closing stock price on February 4, 2009, vesting after three years.
Mr. Deming s status changed from employee director to non-employee director effective July 1, 2009. At the first Board meeting following this change, he

was awarded the same compensation on a pro-rated basis. This pro-rated award consisted of 2,500 shares of time lapse (three years from February 4, 2009) restricted stock units valued at $149,200 based on closing stock price on August 5, 2009. Dividends are accumulated over the vesting period. Further information is set forth in the following table.

2009 DIRECTOR COMPENSATION TABLE

Name	**Fees Earned or Paid in Cash ($)**	**Stock Awards ($)(1)(2)**	**Option Awards ($)**	**Non-Equity Incentive Plan Compensation ($)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)**	**All Other Compensation ($)**	**Total ($)**
William C. Nolan, Jr.	238,500	233,375			92,126		564,001
Frank W. Blue	85,500	233,375					318,875
Claiborne P. Deming	46,000	148,300					

hereunder may be deemed to constitute a "group" with one another for purposes of Section 13(d) of the Securities Exchange Act of 1934 and the rules promulgated thereunder. The reporting persons do not affirm the existence of a "group."

Item 9. Notice of Dissolution of Group

n/a

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under §240.14a-11.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

APG Asset Management US Inc.

Date: January 23, 2017

By: /s/ Joyce Marie LaPreta
Name: Joyce Marie LaPreta
Title: Chief Compliance

Officer

APG Group

Date: January 23, 2017

By: /s/ Joyce Marie LaPreta
Name: Joyce Marie LaPreta
Title: Chief Compliance Officer

APG Asset Management N.V.

Date: January 23, 2017

By: /s/ Joyce Marie LaPreta
Name: Joyce Marie LaPreta
Title: Chief Compliance Officer

Footnotes:

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (See 18 U.S.C. 1001)

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urrent directors were vested based on their years of service, with no further benefits accruing and plan payout according to its terms.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

As of December 31, 2009, the following are known to the Company to be the beneficial owners of more than five percent of the Company s Common Stock:

Name and address of beneficial owner	Amount and nature of beneficial ownership[1]	Percentage
BlackRock, Inc 55 East 52nd Street New York, NY 10055	11,200,642[2]	5.87%
Capital World Investors 333 South Hope Street Los Angeles, California 90071	11,360,436[3]	5.90%
T. Rowe Price Associates, Inc 100 E. Pratt Street Baltimore, Maryland 21202	24,851,263[4]	13.00%

(1) Includes Common Stock for which the indicated owner has sole or shared voting or investment power and is based on the indicated owner s Schedule 13G filing for the period ended December 31, 2009.

(2) A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G). All shares are sole voting power and sole dispositive power shares.

(3) An investment adviser in accordance with Rule 240.13d-1(b)(1)(ii)(E). Total includes 2,698,800 shares for which reporting person has sole voting power. Beneficial ownership of shares disclaimed by reporting person. All shares are sole dispositive power shares.

(4) These securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. (Price Associates) serves as investment adviser with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. Total includes 6,724,650 sole voting power shares, -0- shared voting power shares, 24,824,563 sole dispositive power shares and -0- shared dispositive power shares.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth information, as of February 16, 2010, concerning the number of shares of Common Stock of the Company beneficially owned by all directors and nominees, each of the Named Executive Officers (as hereinafter defined), and directors and executive officers as a group. Except as noted, no shares of Common Stock held by our directors or executive officers have been pledged.

Name	Personal with Full Voting and Investment Power (1)(2)(3)	Personal as Beneficiary of Trusts	Voting and Investment Power Only	Options Exercisable Within 60 Days	Total	Percent of Outstanding (if greater than one percent)
Frank W. Blue	12,336			4,200	16,536	
Claiborne P. Deming	1,053,297	1,529,536		1,160,300	3,743,133	1.96%
Robert A. Hermes	20,366			10,200	30,566	
James V. Kelley	12,364				12,364	
R. Madison Murphy	850,771	1,380,600	7,122,577(4)		9,353,948(5)	4.89%
William C. Nolan, Jr.	584,644	377,478		16,200	978,322	
Ivar B. Ramberg	12,366			16,200	28,566	
Neal E. Schmale	11,466			1,660	13,126	
David J.H. Smith	22,366			16,200	38,566	
Caroline G. Theus	375,646	1,150,438(6)	6,684(7)	16,200	1,548,968	
David M. Wood	30,037			247,500	277,537	
Kevin G. Fitzgerald	18,399			167,500	185,899	
Steven A. Cossé	70,676			395,000	465,676	
Roger W. Jenkins	4,737			37,500	42,237	
Bill H. Stobaugh	30,708			162,500	193,208	
Directors and officers as a group(8)	3,240,102	4,438,052	7,129,261	2,792,460	17,599,875	9.20%

(1) Includes Restricted Stock in the following amounts: Mr. Blue, Mr. Hermes, Mr. Kelley, Mr. Murphy, Mr. Nolan, Mr. Ramberg, Mr. Schmale, Mr. Smith and Mrs. Theus 2,770 shares each (Stock Plan for Non-Employee Directors). Restricted Stock carries voting power and accumulates dividends, but no dispositive power during the restricted period.

(2) Includes Company Thrift (401(k)) Plan shares in the following amounts: Mr. Deming 56,307 shares; Mr. Wood 7,765 shares; Mr. Fitzgerald 1,836 shares; Mr. Cossé 16,127 shares; Mr. Jenkins 644 shares; Mr. Stobaugh 6,255 shares.

(3) Includes shares held by spouse and other household members as follows: Mr. Deming 412,225 shares; Mr. Murphy 372,688 shares; Mr. Nolan 2,500 shares owned solely by spouse; Mrs. Theus 28,000 shares, 18,000 of which are held jointly with spouse and 10,000 of which are held solely by spouse.

(4) Includes 2,572,226 shares held by trusts for the benefit of others for which Mr. Murphy is trustee or co-trustee, 811,101 shares held by a private foundation of which Mr. Murphy is President for which beneficial ownership is expressly disclaimed and 3,739,250 shares held by a limited partnership that is controlled by a limited liability company of which Mr. Murphy is a member. Mr. Murphy has beneficial interest in 358,925 of these shares. Mr. Murphy s wife has a beneficial interest in 4,156 shares, for which beneficial ownership is expressly disclaimed.

(5) Total includes 2,118,757 shares that are pledged as security.

(6) Includes 613,186 shares for which Mrs. Theus is co-trustee and a beneficiary.

(7) Held as trustee for trust for Mrs. Theus son.

(8) Includes ten directors, twelve officers and one director/officer.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company s directors and executive officers and persons who beneficially own more than 10% of the Company s Common Stock are required to report their ownership of the Company s Common Stock and any changes in that ownership to the Securities and Exchange Commission and the New York Stock Exchange. Specific due dates for these reports have been established and the Company is required to report in this Proxy Statement any failure to file by these dates. In November, 2009, a delinquent Form 4 was filed for Claiborne P. Deming representing his August 5, 2009, prorated non-employee director restricted stock unit award.

REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

During 2009, the Company did not have any transactions with related persons required to be disclosed under Item 404(a) of Regulation S-K, and no such transactions are currently proposed. The Nominating & Governance Committee reviews annual cumulative ordinary course of business transactions with firms associated with directors and nominees for director. The Company s management also monitors such transactions on an ongoing basis. Executive officers and directors are governed by the Company s Code of Business Conduct and Ethics which provides that waivers may only be granted by the Board and must be promptly disclosed to stockholders. No such waivers were granted nor applied for in 2009. The Company s Corporate Governance Guidelines require that all directors recuse themselves from any discussion or decision affecting their personal, business or professional interests.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

The Executive Compensation Committee (the Committee) of the Board oversees the compensation of the Company s Named Executive Officers. The Committee consists of no fewer than two members, who have been determined by the Board to satisfy the independence requirements of the New York Stock Exchange and the Company s categorical independence standards. The Nominating & Governance Committee recommends nominees for appointment to the Committee annually and as vacancies or newly created positions occur. Committee members are appointed by the Board and may be removed by the Board at any time. Members of the Committee include David J.H. Smith (Chair), James V. Kelley, William C. Nolan, Jr., and Neal E. Schmale.

The Committee reviews and approves corporate goals and objectives relevant to CEO and other Named Executive Officer compensation. Evaluation of the CEO s performance in light of these objectives is made by the Committee. Any decisions regarding the CEO s compensation are made solely by the Committee. For Named Executive Officers other than the CEO, the Committee considers the performance evaluations made by the CEO and the recommendations of the CEO. The Committee approves any compensation-related decisions affecting the pay of all Named Executive Officers.

The Committee administers and makes recommendations to the Board with respect to incentive compensation plans and equity-based plans and reviews and approves awards under such plans.

Sole authority to retain and terminate any compensation consultant rests with the Committee, which also has sole authority to approve the consultant s fees and other retention terms. Advice and assistance from internal or external legal, accounting or other advisors is also available to the Committee. The Corporate Secretary serves as Secretary to the Committee.

In 2009, the Committee retained the firm of Towers Perrin (now known as Towers Watson) to provide advice on executive compensation matters. Towers Perrin provides the Committee with, among other things, an analysis of trends and compensation data for general industry, the oil and gas industry and a select group of comparator companies within the oil and gas industry. For 2009, the comparator group included Anadarko Petroleum, Apache, Chevron, ConocoPhillips, Devon Energy, EOG Resources, ExxonMobil, Hess, Marathon, Newfield Exploration, Noble Energy, Occidental Petroleum, Sunoco, Tesoro and Valero Energy. While structured as an integrated oil company like the major and super-major oil companies, the Company s size is more comparable to that of certain independent exploration and production companies and refining and marketing companies. Various members of the investment community place the Company in each of these groups. The comparator group was developed by Towers Perrin to provide representation from each of (i) integrated oil companies, (ii) independent exploration and production companies and (iii) refining and marketing companies.

In addition to comparator company information, the Committee uses survey information to determine competitive market pay levels for the executives compensation. The surveys used include:

- Towers Perrin 2009 General Industry Compensation Data Bank
- Towers Perrin 2009 Petroleum Industry Compensation Data Bank
- Mercer Human Resource Consulting 2009 Energy 27 Survey
- Mercer Human Resource Consulting 2009 Energy Survey
- Organization Resources Counselors 2009 Manufacturing and Marketing Survey

The survey data analyzed includes general industry and energy industry (as available) information. Regression analysis is utilized to adjust for differences in company size. Where regression is not possible, data for companies with similar revenue size is analyzed.

The Committee generally takes action on compensation matters at its meeting held in conjunction with the February Board meeting. The Company grants employee stock options at this meeting, which are dated as of the date granted and priced based on the average of the high and the low market price for the Company s shares on the grant date. The Committee also considers at this time adjustments to Named Executive Officers base salary, annual incentive bonus and grants of restricted stock or restricted stock unit awards.

The Committee meets at other times during the year as necessary and, in 2009, met five times. A copy of the Committee s charter can be found on the Company s Web site, *http://www.murphyoilcorp.com/about/governance/compensate.aspx.*

Guiding Principles

The Company bases its executive compensation policies on principles designed to align the interests of executives with those of shareholders. The Committee intends compensation to provide a direct link with the Company s values, objectives, business strategies and financial results. In order to attract and retain key executives who are critical to its long-term success, the Company believes that its pay package should be competitive with others in the energy industry. Executives should be rewarded for both the short-term and long-term success of the Company and, conversely, be subject to a degree of downside risk in the event that the Company does not achieve its performance objectives.

In order to promote the long-term as well as short-term interests of the Company and to more closely align the interests of its key employees to those of its shareholders, the Company uses a mix of short-term and long-term incentives. Individuals in a primary position to influence the growth of shareholder wealth have larger portions of their total compensation package delivered in the form of equity based long-term incentives.

To this end, executives have a compensation package which includes a base salary, participation in a cash based annual incentive plan, participation in an equity based long-term incentive plan and certain other compensation, including customary benefits as discussed in Section D of *Elements of Compensation* below, and, in 2009, limited personal use of Company aircraft for the CEO and the Executive Vice President, Downstream. The Company believes that this combination of base salary, short-term incentives, long-term incentives and other employee benefits provides the best balance between the need for the Company to provide executive compensation which is competitive in the marketplace and therefore necessary for recruiting and retention, and the desire to have management s interests, motivations and prosperity aligned with the interests of the Company s shareholders.

The Company does not have employment, change in control or termination agreements with its Named Executive Officers. In the event of a change of control, each of the Named Executive Officers would retain

their earned compensation and all outstanding equity awards would vest, become immediately exercisable or payable or have all restrictions lifted as may apply to the type of the award.

Elements of Compensation

A. Base Salary

The objectives of the base salary component of compensation include:

- to provide a fixed level of compensation to reward the executive for his day-to-day execution of primary duties and responsibilities;
- to assist the Company in the attraction and retention of a highly skilled competitive team by paying base salaries which are competitive with the Company s comparator group; and
- to provide a foundation level of compensation upon which incentive opportunities can be added to provide the motivation to deliver superior performance.

The Company targets the median of competitive market pay levels for the base salary of its Named Executive Officers. It is the Company s compensation philosophy to target base salaries at the 50th percentile (median) of the competitive marketplace. The Company targets the 50th percentile because it believes that it allows the organization to recruit, attract, and retain qualified management talent having the requisite skills and competencies to manage the Company and to deliver additional value for shareholders. In practice, some executives are paid above or below the 50th percentile because of their individual job performance, time in the position, and tenure with the Company. Executives salaries are ultimately determined based on the market pay levels as well as a combination of experience, duties and responsibilities, individual performance, Company performance, general economic conditions and marketplace compensation trends. Generally, the base salaries of the Company s Named Executive Officers fall slightly above the target (50th percentile of the competitive marketplace) due to their combination of experience, duties, responsibilities, and performance. The Committee made adjustments to the base salaries of its Named Executive Officers as follows:

Named Executive Officer	2008 Base Salary	2009 Base Salary	Adjustment for 2009
David M. Wood*	$ 675,000	$ 1,150,000	70.4%
Kevin G. Fitzgerald	$ 475,000	$ 484,500	2.0%
Claiborne P. Deming	$ 1,250,000	$ 1,250,000	0.0%
Harvey Doerr	$ 675,000	$ 750,000	11.1%
Steven A. Cossé	$ 575,000	$ 586,500	2.0%
Roger W. Jenkins*	$ 375,000	$ 600,000	60.0%
Bill H. Stobaugh	$ 395,000	$ 425,000	7.6%

* Effective January 1, 2009, Messrs. Wood and Jenkins were promoted to President and Executive Vice President, respectively.

B. Annual Incentive Plan

The objectives of the Company s annual incentive plan are:

- to provide incentive compensation to those officers, executives, and key employees who contribute significantly to the growth and success of the Company;
- to attract and retain individuals of outstanding ability; and

to align the interests of those who hold positions of major responsibility in the Company with the interests of the Company s shareholders.

The Company targets the median of competitive market pay levels for annual incentive compensation because the Company believes it allows the Company to retain and incent its executives. Executives have the opportunity to be compensated above the median of market pay levels when the Company has above market performance based on the established performance measures. For 2009, the target bonus percentages of the Company s Named Executive Officers fall at or very near the median of the competitive market.

The Company s current cash based annual incentive plan, the 2007 Annual Incentive Plan (the Plan), was approved by shareholders at the 2007 annual meeting. Amounts earned under the Plan are designed to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and therefore be fully tax-deductible by the Company. The Plan provides the Company with a list of possible performance criteria that could be used for determination of performance-based awards.

The Company currently uses return on capital employed (ROCE) as one performance metric for the annual incentive plan because it measures the quality of the Company s earnings by looking at net income earned on the capital employed in the business. The Committee believes that shareholders should receive a return which, at least, meets the cost of capital. In turn, this means that the Company has efficiently used the capital resources invested in the business and has earned a rate of return and level of income which exceeds the implied cost of such capital resources. ROCE is computed as a percentage based on the sum of (i) the Company s annual net income, as adjusted for certain unusual and nonrecurring gains or losses and (ii) the Company s after-tax net interest expense, divided by the sum of (a) the balance of the Company s consolidated shareholders equity at January 1 of the respective year and (b) the average of the Company s beginning and ending long-term debt during the respective year.

For 2009, the performance criteria included ROCE for 50% of the measurement, 40% operating metrics, and a safety metric for the remaining 10%. With respect to the Named Executive Officers, the following tables summarize the performance metrics, respective weighting of performance metrics, and weighted performance scores based on actual performance, used in determining their respective annual incentive awards.

For Mr. Wood, Mr. Fitzgerald, Mr. Deming, Mr. Cossé, and Mr. Stobaugh:

Metric	**Target**	**Weighting**	**Weighted Performance Score**
ROCE	9%	50.00%	85.0%
Upstream Total Recordable Incident Rate	.5	2.00%	3.0%
Upstream Operated Production (BOE/day)	122,576	15.00%	9.8%
Upstream Non-Operated Production (BOE/day)	42,200	5.00%	4.4%
US Retail Total Recordable Incident Rate	1.0	2.00%	1.2%
US Retail Total Fuel Margin Dollars Produced ($/mo./site)	$ 39,500	2.22%	0.0%
US Retail Coverage Ratio	85%	2.22%	4.4%
UK Retail Fuel Margin per Same Site (£/yr.)	£ 153,000	2.78%	0.0%
UK Retail Non-Fuel Margin per Site (£/yr.)	£ 69,179	2.78%	4.2%
Meraux Refinery Total Recordable Incident Rate	1.0	2.00%	1.7%
Meraux Refinery Utilization	83%	5.00%	2.6%
Milford Haven Refinery Total Recordable Incident Rate	1.0	2.00%	3.1%
Milford Haven Refinery Utilization	83%	3.00%	0.0%
Superior Refinery Total Recordable Incident Rate	1.0	2.00%	2.7%
Superior Refinery Mechanical Availability	99%	2.00%	2.0%
Total		100.00%	124.1%

For Mr. Jenkins:

Metric	Target	Weighting	Weighted Performance Score
ROCE	9%	50.00%	85.0%
Upstream Total Recordable Incident Rate	.5	10.00%	14.8%
Upstream Operated Production (BOE/day)	122,576	30.00%	19.6%
Upstream Non-Operated Production (BOE/day)	42,200	10.00%	8.8%
Total		100.00%	128.2%

For Mr. Doerr:

Metric	Target	Weighting	Weighted Performance Score
ROCE	9%	50.00%	85.0%
US Retail Total Recordable Incident Rate	1.0	2.50%	1.5%
US Retail Total Fuel Margin Dollars Produced ($/mo./site)	$ 39,500	4.44%	0.0%
US Retail Coverage Ratio	85%	4.44%	8.9%
UK Retail Fuel Margin per Same Site (£/yr.)	£ 153,000	5.56%	0.0%
UK Retail Non-Fuel Margin per Site (£/yr.)	£ 69,179	5.56%	8.3%
Meraux Refinery Total Recordable Incident Rate	1.0	2.50%	2.2%
Meraux Refinery Utilization	83%	10.00%	5.1%
Milford Haven Refinery Total Recordable Incident Rate	1.0	2.50%	3.9%
Milford Haven Refinery Utilization	83%	6.00%	0.0%
Superior Refinery Total Recordable Incident Rate	1.0	2.50%	3.4%
Superior Refinery Mechanical Availability	99%	4.00%	4.0%
Total		100.00%	122.3%

The target ROCE rate was established based on consideration including (i) the rate of return on risk-free investments (Treasury Bills), (ii) a risk premium reflecting the increased return required to invest in equities, (iii) the cost of long-term debt, as measured by the Company s annual interest expense on long-term debt and (iv) general industry conditions. The targets for other operating metrics were established based on the Company s 2009 budget and historical data. Under the terms of the Plan, achievement of 100% of the target rate results in the payment of 100% of individual target awards. For Named Executive Officers, achievement of the minimum results in the payment of 62.5% of individual target awards and achievement of the maximum results in the payment of 250% of individual target awards, subject to downward adjustment by the Committee of up to 40%. Upward adjustments are not permitted for Named Executive Officers and no awards are payable if performance falls below the minimum. For 2009, bonuses for Mr. Deming, Mr. Doerr, and Mr. Stobaugh were decreased from their formula amount by 20% in order to make their award level more consistent with that of other participants.

Named Executive Officer	Target Bonus as a Percentage of Base Salary	Actual Amount Awarded
David M. Wood	125%	$ 2,050,000
Kevin G. Fitzgerald	70%	$ 483,227
Claiborne P. Deming	125%	$ 969,531
Harvey Doerr	100%	$ 401,297
Steven A. Cossé	85%	$ 772,073
Roger W. Jenkins	85%	$ 691,079
Bill H. Stobaugh	60%	$ 316,455

* Target bonus as a percentage of base salary increased for Mr. Fitzgerald to 75% for 2010.

C. Long-term Incentive Compensation

The objectives of the Company s long-term incentive program include:

- to align executives interests with the interests of shareholders;
- to reinforce the critical objective of building shareholder value over the long term;
- to assist in the long-term attraction, motivation, and retention of an outstanding management team;
- to complement the short-term performance metrics of the Annual Incentive Plan; and
- to focus management attention upon the execution of the long-term business strategy of the Company.

Long-term incentive compensation for 2009 included stock options and restricted stock units under the 2007 Long-Term Incentive Plan (the LTIP).

Stock options are designed to align the interests of executives with the performance of the Company over time, as reflected both by absolute increases or decreases in the Company s stock price. The realization of restricted stock units is based upon the Company s total shareholder return (TSR) performance relative to the TSR of the same fifteen companies used for compensation comparator analysis (as described above). Because simple stock price appreciation is not enough to guarantee payment, management is at greater risk of forfeiture. Fixed-price stock options are inherently performance-based, because the exercise or grant price equals the average of the high and the low of the Company s Common Stock on the date of the grant. Option holders realize no economic benefit unless the Company s stock price increases in value subsequent to the grant date. This aligns the optionees interests with that of shareholders.

On February 3, 2009, the Committee awarded equity compensation with the value divided equally between stock options and performance-based restricted stock units to each of the Named Executive Officers. The Company believes that both stock options and performance-based restricted stock unit awards are effective and appropriate methods of equity compensation. Stock options are particularly effective at aligning the interests of management and shareholders, but results can be skewed by movements in the stock market as a whole. Conversely, restricted stock unit awards value is largely based on the Company s performance relative to that of its peers, but do not necessarily equate with shareholder return. Recognizing this dichotomy, the Company believes an equal weighting is most appropriate.

The Company generally targets the median of competitive pay levels for the annual value of long-term incentive compensation. In 2009, the awards exceeded the median based on both individual and Company performance. Total grants in 2009 equaled 0.75% of the Company s issued and outstanding shares. Grants were as follows:

Named Executive Officer	Number of Stock Options	Number of Restricted Stock Units
David M. Wood	140,000	55,000
Kevin G. Fitzgerald	30,000	10,000
Claiborne P. Deming		
Harvey Doerr	50,000	20,000
Steven A. Cossé	50,000	20,000
Roger W. Jenkins	50,000	20,000
Bill H. Stobaugh	30,000	10,000

The Company has not backdated stock options and does not intend to do so in the future. The exercise price for all options is equal to the fair market price (average of daily high and low) on the date of the grant.

Beginning with 2006 grants, the stock option award form provides for automatic net settlement in stock, which reduces dilution. Upon exercise, shares having a fair market value equal to the exercise price as well as

statutory minimum withholding taxes are withheld by the Company and only net shares are delivered to the holder of the option. The 2009 options, all of which are non-qualified, vest in two years as to half and in three years as to the remaining half. Unless otherwise forfeited, the options expire seven years from the date of the grant.

Performance-based restricted stock units awarded in 2009 will vest in three years based on how the Company s total shareholder return compares to the total shareholder return of an index of fifteen energy companies. The same fifteen companies used for compensation comparator analysis (as described above) are used for this purpose. The 2009 restricted stock unit awards contain four equally weighted measurement periods: year 1; year 2; year 3; and years 1-3 combined. Achievement of the 50th percentile of the peer group is required for payment of 100% of the target shares awarded, and achievement of the 90th percentile of the peer group for the payment of 150% of the target shares. No payment is made for achievement below the 25th percentile of the peer group. Phantom dividends are accumulated during the performance period and pay out only if the underlying units pay out. Restricted stock units do not have any voting rights.

The long-term incentive plan is structured so as to qualify as performance based under Section 162(m) of the Internal Revenue Code. The stock option and performance-based restricted stock unit grants awarded in 2009 comply with Section 162(m) of the Code.

As noted above, the Company currently uses two principal forms of long-term incentive compensation: fixed-price stock options and performance-based restricted stock units. The Company expects to continue to use these same two principal forms of equity-based incentives going forward. However, the LTIP has a 10-year term, and it is possible that the Company may adopt a different long-term incentive compensation strategy in future years if necessary to respond to changes in the competitive marketplace, regulatory actions, and/or changes to business strategy. In order to provide the Company with flexibility going forward, the LTIP provides the Company with possible alternative long-term equity incentive vehicles in addition to stock options and restricted stock units, including stock appreciation rights, performance shares, dividend equivalents, and other stock-based incentives. In addition, as noted above, the Company currently uses the criteria of total shareholder return (TSR) compared to the total shareholder return of a designated comparator group of companies in order to determine performance-based restricted stock unit awards. To ensure future flexibility, the LTIP includes a list of possible performance criteria that could be used for determination of performance-based awards. However, at this time, the Company contemplates continuing to use company vs. comparator group TSR as the performance criteria for the performance-based restricted stock or restricted stock unit grants. The TSR measurement is chosen as the performance metric for the restricted stock or restricted stock unit grants because TSR is a reflection of the return to shareholders (i.e., the amount of share price appreciation and dividends earned), and the Company compares its TSR to that of its industry comparators in the oil and gas industry sector. Generally, when the Company s TSR compares favorably with those of comparator companies, shareholders also benefit and management s interests are aligned with those of all shareholders. However, in certain circumstances, e.g. industry-wide downturns, this may not be the case, and for this reason, fixed priced stock options are also utilized.

D. Employee Benefits and Perquisites

The objectives of the Company s employee benefits and perquisites program are:

to provide an employee benefit package with the same level of benefits provided to all Company employees and which is competitive within the Company s industry sector;

to offer executives indirect compensation which is efficient and supplemental to their direct compensation to assist with retirement, health, and welfare needs individually and for their families; and

to provide only limited executive benefits to selected executives as required.

The Company s executives are provided usual and customary employee benefits available to all employees (except certain hourly retail employees). These include thrift savings (401(k)), life insurance, accidental death and dismemberment insurance, medical/dental insurance, vision insurance, long-term disability insurance, and a Company sponsored defined benefit pension plan. The Named Executive Officers are excluded from the Company s Employee Stock Purchase Plan (the ESPP) because they are eligible for long-term stock incentives and the ESPP was established as a vehicle for employees to acquire stock.

Tax regulations adversely affect certain highly compensated employees by restricting their full participation in qualified defined benefit pension and defined contribution (thrift) plans. In an effort to provide the same level of retirement benefit opportunity for all employees, the Company has a Supplemental Executive Retirement Plan (the SERP). The purpose of the SERP is to restore pension plan and thrift plan benefits which are not payable under such plans because of certain specified benefit and compensation limitations under tax regulations. The benefit to the Company of this arrangement is the retention and long-term service of employees who are otherwise unprotected by employment contracts. Other than the SERP, the Company does not offer a deferred compensation option to its Named Executive Officers.

Mr. Wood s 2009 compensation also included twelve non-business trips in the continental United States on Company aircraft. The aggregate incremental cost to the Company for these trips was $97,900 as reported in the Summary Compensation Table. Mr. Doerr s compensation also included three non-business trips in the continental United States on Company aircraft. The aggregate incremental cost to the Company for these trips was $49,720 as reported in the Summary Compensation Table. The Standard Industry Fare Level rate was used to determine the income reportable to both Mr. Wood and Mr. Doerr for these trips, and the Company has not provided any tax gross-up or other tax assistance with respect to the income recognized or use of the Company aircraft.

Executive Compensation Committee Report

The Executive Compensation Committee has reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based on the review and discussions, the Executive Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s Proxy Statement.

Members of the Executive Compensation Committee are David J.H. Smith (Chair), James V. Kelley, William C. Nolan, Jr. and Neal E. Schmale.

Tabular Information for Named Executive Officers

Further information with respect to the individuals who served as the Company s Principal Executive Officer, Principal Financial Officer, the three other most highly compensated executive officers serving at the end of the last completed fiscal year and up to two additional individuals not serving as an executive officer at the end of the last completed fiscal year (collectively, the Named Executive Officers) is set forth in the following tables:

2009 SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(4)	Total ($)
David M. Wood	2009	1,150,000	2,333,100	2,121,000	2,050,000	1,041,358	168,580	8,864,038
	2008	670,833	1,880,276	979,735	625,000	570,611	52,868	4,779,323
President and Chief Executive Officer	2007	625,000	666,183	912,216	900,000	210,236	51,497	3,365,132
Kevin G. Fitzgerald	2009	483,708	424,200	454,500	483,227	789,346	30,703	2,665,684
	2008	470,833	284,683	433,989	400,000	557,228	33,430	2,180,163
Senior Vice President and Chief Financial Officer	2007	425,000	235,336	298,638	442,000	238,507	29,005	1,668,486
Claiborne P. Deming(6)	2009	625,000	N/A	N/A	969,531	4,565,845	38,340	6,198,716
	2008	1,241,667	1,034,865	2,464,932	2,000,000	1,753,987	255,469	8,750,920
Former President and Chief Executive Officer	2007	1,143,333	1,914,756	2,475,610	2,286,668	858,249	197,256	8,875,872
Harvey Doerr	2009	451,923	N/A(5)	N/A	401,297	1,872,045	2,630,551	5,355,816
	2008	670,833	573,700	978,098	850,000	(832,349)	52,560	2,292,842
Former Executive Vice President	2007	625,000	673,311	889,074	610,000	108,708	49,472	2,955,565
Steven A. Cossé	2009	585,542	848,400	757,500	772,073	1,095,417	36,813	4,095,745
	2008	570,833	402,436	821,639	625,000	1,053,034	46,868	3,519,810
Executive Vice President and General Counsel	2007	522,917	559,135	746,690	627,500	731,494	44,364	3,232,100
Roger W. Jenkins	2009	541,667	848,400	757,500	691,079	177,282	34,180	3,050,108
Executive Vice President								
Bill H. Stobaugh	2009	425,000	424,200	454,500	316,455	294,186	27,180	1,941,521
Senior Vice President								

(1) The 2009 restricted stock unit awards represent grant date fair value. Awards are subject to performance-based conditions and are forfeited if grantee terminates for any reason other than retirement, death or full disability. The 2009 restricted stock unit awards vest three years from the date of grant if performance conditions are met. There is no assurance that the value realized by the executive will be at or near the value included herein.

(2) The 2009 stock option awards represent grant date fair value. Options granted vest 50% at the end of two years and 100% at the end of three years from the date of grant and are exercisable for a period of seven years from the date of grant. The actual value, if any, an executive may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised. There is no assurance that the value realized by the executive will be at or near the value included herein.

(3) Non-Equity Incentives were awarded and paid after the end of the year in which they are reported. Because these payments related to services rendered in the year prior to payment, the Company reported these incentives as a component of compensation expense in the prior year.

(4) The total amounts shown in this column for 2009 consist of the following:

Mr. Wood: $97,900 Company plane usage; $1,680 Benefit attributable to Company-provided term life insurance policy; $69,000 Company contributions to defined contribution plans.

Mr. Fitzgerald: $1,680 Benefit attributable to Company-provided term life insurance policy; $29,023 Company contributions to defined contribution plans.

Mr. Deming: $840 Benefit attributable to Company-provided term life insurance policy; $37,500 Company contributions to defined contribution plans.

Mr. Doerr: $49,720 Company plane usage; $1,120 Benefit attributable to Company-provided term life insurance policy; $26,250 Company contributions to defined contribution plans; $2,553,461 Severance payment and incentive payout.

Mr. Cossé: $1,680 Benefit attributable to Company-provided term life insurance policy; $35,133 Company contributions to defined contribution plans.

Mr. Jenkins: $1,680 Benefit attributable to Company-provided term life insurance policy; $32,500 Company contributions to defined contribution plans.

Mr. Stobaugh: $1,680 Benefit attributable to Company-provided term life insurance policy; $25,500 Company contributions to defined contribution plans.

(5) Excludes settlement of 2007-2009 restricted stock units for $794,338 which was paid in 2010.
(6) For compensation as Director of the Company following his retirement, see 2009 Director Compensation Table on page 8.

2009 GRANTS OF PLAN-BASED AWARDS TABLE

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards		
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**
David M. Wood	02/03/09	898,438	1,437,500	3,593,750	27,500	55,000	82,500
Kevin G. Fitzgerald	02/03/09	211,622	338,596	846,489	5,000	10,000	15,000
Claiborne P. Deming		488,281	781,250	1,953,125			
Harvey Doerr[(1)]	02/03/09	282,452	451,923	1,129,808			
Steven A. Cossé	02/03/09	311,069	497,711	1,244,277	10,000	20,000	30,000
Roger W. Jenkins	02/03/09	269,531	431,250	1,078,125	10,000	20,000	30,000
Bill H. Stobaugh	02/03/09	159,375	255,000	637,500	5,000	10,000	15,000

Name	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Closing Price on Grant Date 02/03/09 ($/Sh)[(2)]**	**Grant Date Fair Value of Stock and Option Awards ($)**
David M. Wood	55,000	140,000	43.95	44.65	4,454,100
Kevin G. Fitzgerald	10,000	30,000	43.95	44.65	878,700
Claiborne P. Deming					
Harvey Doerr[(1)]					
Steven A. Cossé	20,000	50,000	43.95	44.65	1,605,900
Roger W. Jenkins	20,000	50,000	43.95	44.65	1,605,900
Bill H. Stobaugh	10,000	30,000	43.95	44.65	878,700

(1) 2009 equity award forfeited at separation from service.
(2) We determine the exercise price of options using the average of the high and low of the stock price on the date of grant.

2009 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE

	Option Awards				
Name	Number of Securities Underlying Unexercised Exercisable Options (#)	Number of Securities Underlying Unexercised Unexercisable Options (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
David M. Wood	17,500		N/A	21.1700	2/4/2013
	30,000			30.2950	2/3/2011
	50,000			45.2275	2/1/2012
	50,000			57.3150	1/31/2013
	37,500	37,500		51.0700	2/6/2014
		50,000		72.7450	2/5/2015
		140,000		43.9500	2/3/2016
Kevin G. Fitzgerald	40,000		N/A	19.4263	2/5/2012
	35,000			21.1700	2/4/2013
	20,000			30.2950	2/3/2011
	15,000			45.2275	2/1/2012
	12,500			57.3150	1/31/2013
	15,000	15,000		51.0700	2/6/2014
		30,000		72.7450	2/5/2015
		30,000		43.9500	2/3/2016
Claiborne P. Deming	185,700		N/A	15.4150	2/6/2011
	240,000			19.4263	2/5/2012
	200,000			21.1700	2/4/2013
	160,000			30.2950	2/3/2011
	156,000			45.2275	2/1/2012
	152,000			57.3150	1/31/2013
	87,500			51.0700	2/6/2014
Harvey Doerr	50,000		N/A	30.2950	2/3/2011
	40,000			45.2275	2/1/2012
	50,000			57.3150	1/31/2013
	37,500			51.0700	2/6/2014
Steven A. Cossé	90,000		N/A	19.4263	2/5/2012
	80,000			21.1700	2/4/2013
	60,000			30.2950	2/3/2011
	40,000			45.2275	2/1/2012
	50,000			57.3150	1/31/2013
	25,000	25,000		51.0700	2/6/2014
		50,000		72.7450	2/5/2015
		50,000		43.9500	2/3/2016
Roger W. Jenkins	10,000		N/A	57.3150	1/31/2013
	7,500	7,500		51.0700	2/6/2014
		25,000		72.7450	2/5/2015
		50,000		43.9500	2/3/2016
Bill H. Stobaugh	50,000		N/A	21.1700	2/4/2013
	30,000			30.2950	2/3/2011
	20,000			45.2275	2/1/2012
	20,000			57.3150	1/31/2013
	15,000	15,000		51.0700	2/6/2014
		25,000		72.7450	2/5/2015
		30,000		43.9500	2/3/2016

2009 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END TABLE, Cont.

	Stock Awards			
Name	Number of Shares or Units of Stocks That Have Not Vested (#)*	Market Value of Shares or Units of Stocks That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)*	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares Units or Other Rights That Have Not Vested ($)
David M. Wood	86,426	4,684,266	42,792	2,319,332
Kevin G. Fitzgerald	7,393	400,725	10,247	555,361
Claiborne P. Deming	9,862	534,539	8,235	446,343
Harvey Doerr				
Steven A. Cossé	14,787	801,451	20,493	1,110,722
Roger W. Jenkins	41,229	2,234,623	16,618	900,679
Bill H. Stobaugh	6,233	337,839	9,278	502,850

* Includes accrued phantom dividends on restricted stock units.

2009 OPTION EXERCISES AND STOCK VESTED TABLE

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(1)
David M. Wood	47,500	1,120,813	27,912	1,512,843
Kevin G. Fitzgerald			11,165	605,138
Claiborne P. Deming	214,300	6,508,940	49,467	2,681,120
Harvey Doerr				
Steven A. Cossé			16,747	907,706
Roger W. Jenkins			5,582	302,569
Bill H. Stobaugh			11,165	605,138

(1) Value based on 2007 restricted stock unit award vesting date as of December 31, 2009 at $54.20 per share. Receipt of net shares were deferred until February, 2010 pursuant to the terms of the award. The price on award date was $52.845 per share. Values as of the date of receipt were as follows: Mr. Wood $1,475,022, Mr. Fitzgerald $590,009, Mr. Deming $2,614,093, Mr. Cossé $885,013, Mr. Jenkins $295,005, and Mr. Stobaugh $590,009.

2009 PENSION BENEFITS TABLE

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
David M. Wood	Retirement Plan of Murphy Oil Corporation	15.07	339,627	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	19.07[1]	2,602,307	
Kevin G. Fitzgerald	Retirement Plan of Murphy Oil Corporation	26.62	712,441	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	26.62	1,853,225	
Claiborne P. Deming	Retirement Plan of Murphy Oil Corporation	29.98	891,378	30,340
	Murphy Oil Corporation Supplemental Executive Retirement Plan	29.98	13,120,756	
Harvey Doerr[2]	Retirement Plan of Murphy Oil Corporation	2.60	74,005	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	2.60	353,467	
	Retirement Plan of Murphy Oil Company Ltd.	16.33	326,487	
	Murphy Oil Company Ltd. Supplemental Retirement Plan	20.33[3]	2,917,481	
Steven A. Cossé	Retirement Plan of Murphy Oil Corporation	30.18	1,251,488	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	30.18	5,406,145	
Roger W. Jenkins	Retirement Plan of Murphy Oil Corporation	8.21	142,067	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	8.21	245,383	
Bill H. Stobaugh	Retirement Plan of Murphy Oil Corporation	14.58	453,427	
	Murphy Oil Corporation Supplemental Executive Retirement Plan	14.58	986,658	

(1) As part of his employment with a subsidiary of the Company and prior to becoming a Named Executive Officer, Mr. Wood received an additional four years of credited service in the Murphy Oil Corporation Supplemental Executive Retirement Plan. The present value of accumulated benefit for this additional four years of credited service was $616,984 as of December 31, 2009.

(2) Mr. Doerr participated in Canadian plans through 2006 at which time he transferred into the U.S. Plans.

(3) As part of his employment with a subsidiary of the Company and prior to becoming a Named Executive Officer, Mr. Doerr received an additional four years of credited service in the Murphy Oil Company Ltd. Supplemental Retirement Plan. The present value of accumulated benefit for this additional four years of credited service was $638,159 as of December 31, 2009.

The purpose of the tax-qualified retirement plan is to provide retirement and incidental benefits for all employees who complete a period of faithful service. The purpose of the Supplemental Executive Retirement Plan (SERP) is to restore benefits which cannot be paid because of certain specified benefit and compensation limitations under the tax-qualified retirement plan. The pension formula used to calculate benefits is: 1.6% times final average pay (FAP) times years of benefit service minus 1.5% times primary social security benefit times years of benefit service (to a maximum of 33 1/3 years).

The FAP used in calculating benefits under the plans is the average cash compensation (salary and annual incentive bonus) over the highest paid 36-month period during the employee s last ten years of employment. An employee begins participating in the plan after one year of salaried service, with 60 months of vesting service required to receive a benefit. Distribution elections for the qualified plan are made upon retirement. Benefits are computed on a single life annuity basis and are subject to a deduction for social security amounts. The pension benefits shown do not reflect any reductions in retirement benefits that would result from the selection of one of the plan s various available survivorship options nor the actuarial reductions required by the plan for retirement earlier than age 62. For this purpose, Mr. Wood s average compensation was $1,451,444, Mr. Fitzgerald s $796,764, Mr. Deming s $3,105,556, Mr. Doerr s $1,273,968, Mr. Cossé s $1,177,264, Mr. Jenkins $594,596, and Mr. Stobaugh s $685,448.

The estimated credited years of service used are as indicated in the table.

The following assumptions were used in determining the present value amounts at December 31, 2009.

Discount Rate	5.90%
Mortality Table	RP-2000, combined active/retired, 9-year projection

2009 NONQUALIFIED DEFERRED COMPENSATION TABLE

Name	Executive Contributions in Last Fiscal Year ($)[1]	Registrant Contributions in Last Fiscal Year ($)[2]	Aggregate Earnings in Last Fiscal Year ($)[3]	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year-End ($)
David M. Wood	270,996	54,300	98,120		876,115
Kevin G. Fitzgerald	104,427	14,323	71,732		320,163
Claiborne P. Deming	148,002	30,150	750,296	(3,976,248)	
Harvey Doerr	25,375	17,675	23,511		174,507
Steven A. Cossé	56,693	20,433	140,507		801,788
Roger W. Jenkins	26,831	17,800	14,416		84,015
Bill H. Stobaugh	89,760	10,800	66,463		360,463

(1) The executive contributions in the last fiscal year have been included in Salary for the Named Executive Officer on the Summary Compensation Table.
(2) The registrant contributions in the last fiscal year have been included in All Other Compensation for the Named Executive Officer on the Summary Compensation Table.
(3) Aggregate Earnings reflect the different investment returns based upon the Named Executive Officer s investment selection. The unfunded non-qualified plan provides the same investment options available under the qualified 401(k) savings plan.

2009 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE

The Company does not have employment, change in control, or termination agreements with its Named Executive Officers. However, upon a change in control, as defined in both the 1992 Stock Incentive Plan and the 2007 Long Term Incentive Plan, all outstanding equity awards shall vest, become immediately exercisable or payable or have all restrictions lifted which apply to the type of award. The Company has no other agreement, contract, plan, or arrangement, whether written or unwritten, that provides for potential payments to Named Executive Officers upon termination or a change in control. Named Executive Officers are specifically excluded from normal severance benefits offered to other employees; however, the Company has, from time to time, paid termination benefits to executive-level positions upon an end in service. Decisions by the Company to pay termination benefits, and in what amounts, are determined on a case-by-case basis.

The following table presents estimated amounts that would have been payable to the applicable Named Executive Officer if the described event had occurred on December 31, 2009:

Name	Category	Normal Termination ($)	Change of Control ($)
David M. Wood	Non-equity compensation [1]	2,229,922	2,229,922
	Unvested & Accelerated [2]		
	Restricted Stock Units	1,291,694	7,523,476
	Stock Options [3]		1,552,375
	Retirement Plan [4]		
	Total	3,521,616	11,305,773

24

2009 POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL TABLE, Cont.

Name	Category	Normal Termination ($)	Change of Control ($)
Kevin G. Fitzgerald	Non-equity compensation [1]	525,246	525,246
	Unvested & Accelerated [2]		
	Restricted Stock Units	389,752	1,095,164
	Stock Options [3]		354,450
	Retirement Plan [4]		
	Total	914,998	1,974,860
Claiborne P. Deming	Non-equity compensation [1]	1,211,914	1,211,914
	Unvested & Accelerated [2]		
	Restricted Stock Units	804,443	1,129,663
	Stock Options [3]		
	Retirement Plan [4]		
	Total	2,016,357	2,341,577
Harvey Doerr	Non-equity compensation [1]	668,828	668,828
	Unvested & Accelerated [2]		
	Restricted Stock Units		
	Stock Options [3]		
	Retirement Plan [4]		
	Total	668,828	668,828
Steven A. Cossé	Non-equity compensation [1]	772,073	772,073
	Unvested & Accelerated [2]		
	Restricted Stock Units	779,504	2,190,329
	Stock Options [3]		590,750
	Retirement Plan [4]	493,029	493,029
	Total	2,044,606	4,046,181
Roger W. Jenkins	Non-equity compensation [1]	691,079	691,079
	Unvested & Accelerated [2]		
	Restricted Stock Units	536,092	3,343,443
	Stock Options [3]		535,975
	Retirement Plan [4]		
	Total	1,227,171	4,570,497
Bill H. Stobaugh	Non-equity compensation [1]	395,569	395,569
	Unvested & Accelerated [2]		
	Restricted Stock Units	328,899	962,264
	Stock Options [3]		354,450
	Retirement Plan [4]	119,555	119,555
	Total	$ 844,023	$ 1,831,838

(1) Non-equity compensation is calculated under the terms of the 2007 Annual Incentive Plan. Although actual awards, if any, are subject to attaining certain performance-based targets, for purposes of this table, non-equity compensation is calculated based on actual awards earned in 2009 without adjustment.

(2) In the event of a change of control, all unvested outstanding equity awards shall vest, become immediately exercisable or payable or have all restrictions lifted as may apply to the type of the award. This amount includes the incremental value of the current unvested outstanding awards. In the event of a termination, the exercise period for stock options is reduced to the lesser of the exercise date of the award or two years from date of termination.

(3) On December 31, 2009, all unexercised unexercisable options awarded in 2008 had a strike price greater than the fair market value. Therefore, only unexercised unexercisable options awarded in 2007 and 2009 are assigned values for purposes of this table.

(4) Named Executive Officers may receive benefits under the Company s defined benefit pension plan upon retirement, depending upon date of hire, age and years of service at termination. The Pension Benefits Table reports the present value of each Named Executive Officer s accumulated benefit at December 31, 2009 unadjusted for retirement earlier than age 62, and such benefits are not accelerated or otherwise enhanced in connection with any termination scenario. Mr. Cossé and Mr. Stobaugh would have been eligible to receive retirement benefits following a termination of employment by reason of retirement on December 31, 2009. The amount provided in the above table for Mr. Cossé and Mr. Stobaugh represents the annual pension benefit payable under a 50% Joint and Survivor annuity. Other forms of payment are available at the election of the Named Executive and include Single Life, Ten Year Certain and Provisional Payee options.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about the securities authorized for issuance under the Company s equity compensation plans as of December 31, 2009:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)*
Equity compensation plans approved by stockholders	5,431,560	$ 42.01	4,941,491
Equity compensation plans not approved by stockholders	77,700	42.87	N/A
Total	5,509,260	$ 42.02	4,941,491

* Number of shares available for issuance includes 4,092,573 available under the 2007 Long-Term Incentive Plan, plus 449,710 available shares for the 2008 Stock Plan for Non-Employee Directors and 399,208 available shares for the Employee Stock Purchase Plan. Assumes each Restricted Stock Unit is equivalent to one share.

SUMMARY DESCRIPTION OF MATERIAL TERMS OF EQUITY COMPENSATION PLANS NOT APPROVED BY STOCKHOLDERS

The Company s U.K. based subsidiary offers its employees a plan that encourages savings and provides for the acquisition of Company stock. The Save As You Earn Plan (SAYE) is Inland Revenue approved. The SAYE allows employees to contribute up to £3,000 annually. Contributions are invested in an approved Building Society for a three year period, at the end of which, the employee has the option to direct the amount saved and the interest earned to purchase Company stock at a price equal to 90% of the fair market value of the stock at the beginning of that period. Three plans may run concurrently but the aggregate individual savings limit is £3,000 annually. The SAYE Plan was established on August 24, 1999 and expired by its terms on September 22, 2009. The following details the SAYE plans:

	Start Date	Maturity	Options Outstanding	Options Exercised
SAYE 2007	08/07	08/10	6,044	
SAYE 2008	04/08	04/11	7,192	
SAYE 2009	05/09	05/12	64,464	

APPROVAL OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board desires that the stockholders indicate their approval or disapproval of the Audit Committee s action in appointing KPMG LLP the Company s independent registered public accounting firm for the fiscal year 2010. KPMG LLP has been serving the Company and its subsidiaries in this role for many years. KPMG LLP has advised the Company that its members have no direct or indirect financial interest in the Company or any of its subsidiaries. Members of KPMG LLP are expected to be present at the Annual Meeting of Stockholders for the purpose of responding to inquiries by stockholders, and such representatives will have an opportunity to make a statement if they desire to do so.

The Audit Committee pre-approves any engagement of KPMG LLP. In the fiscal year 2009, the percentage of services designated for audit fees, audit-related fees, tax fees, and all other fees that were approved by the Audit Committee were 90%, 3%, 2%, and 5%, respectively.

In the event that a majority of the stockholders indicates disapproval of the appointment of KPMG LLP, the adverse vote will constitute a directive to the Audit Committee to select another registered public accounting firm(s) for fiscal year 2011. Because of the difficulty and expense of making any substitution of registered public accounting firms during a year, it is contemplated that the appointment for the fiscal year 2010 will be permitted to stand unless the Audit Committee finds other good reason for making a change.

The Board recommends that stockholders vote **FOR** approval of the appointment of KPMG LLP as the Company s independent registered public accounting firm for the fiscal year 2010. Proxies solicited on behalf of the Board will be voted FOR this proposal.

AUDIT COMMITTEE REPORT

In connection with the Company s December 31, 2009 consolidated financial statements, the Audit Committee reviewed and discussed the audited financial statements with management and the specific disclosures contained in the Company s Form 10-K, including Management s Discussion and Analysis of Financial Condition and Results of Operations , discussed with KPMG LLP the matters required by Statement on Auditing Standards No. 61 and independence standards, and considered the compatibility of non-audit services with KPMG LLP s independence. The Committee met seven times during 2009. Fees for services provided by the Company s principal independent registered public accounting firm, KPMG LLP, for the years ended December 31, 2009 and 2008 were as follows:

	2009	2008
Audit fees	$ 3,235,075	3,268,400
Audit-related fees[1]	108,351	257,041
Audit and audit-related fees	3,343,426	3,525,441
Tax fees[2]	68,746	177,889
All other fees[3]	200,000	
Total fees	$ 3,612,172	3,703,330

(1) Audit-related fees consisted principally of fees for audits of financial statements of foreign employee benefit plans, review of accounting for proposed transactions, and other reports primarily required by U.S. government agencies.
(2) Tax fees consisted of services for sales and use tax consultation, income tax consultation and tax compliance services.
(3) Fees related to an assessment of how international financial reporting standards would impact the Company.

Based on these reviews and discussions, the Audit Committee recommended to the Board that the Company s audited consolidated financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2009.

This report is submitted by the members of the Audit Committee: R. Madison Murphy (Chairman), Frank W. Blue, James V. Kelley, William C. Nolan, Jr. and Neal E. Schmale.

SUBMISSION OF STOCKHOLDER PROPOSALS

Stockholder proposals for the 2011 Annual Meeting of Stockholders must be received by the Company at its executive offices on or before November 26, 2010, in order to be considered for inclusion in the proxy materials.

A stockholder may wish to have a proposal presented at the Annual Meeting of Stockholders in 2011, but without the Company being required to include that proposal in the Company s Proxy Statement and form of proxy relating to that meeting. This type of proposal is subject to the advance notice provisions of the

Company s by-laws. In the case of the 2011 Annual Meeting of Stockholders, notice must be received by the Company at its executive offices no earlier than January 12, 2011, and no later than February 11, 2011.

ELECTRONIC AVAILABILITY OF PROXY MATERIALS FOR 2010 ANNUAL MEETING

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 12, 2010. This Proxy Statement and Murphy Oil Corporation s Annual Report to Stockholders and Form 10-K for fiscal year 2009 are available electronically at *www.murphyoilcorp.com/ir/reports.aspx*.

OTHER INFORMATION

The management of the Company knows of no business other than that described above that will be presented for consideration at the meeting. If any other business properly comes before the meeting, it is the intention of the persons named in the proxies to vote such proxies thereon in accordance with their judgment.

The expense of this solicitation, including cost of preparing and mailing this Proxy Statement, will be paid by the Company. Such expenses may also include the charges and expenses of banks, brokerage houses and other custodians, nominees or fiduciaries for forwarding proxies and proxy material to beneficial owners of shares.

In certain instances one copy of the Company s Annual Report or Proxy Statement is being delivered to two or more stockholders who share an address. Upon request, the Company will promptly deliver a separate copy of the Annual Report or Proxy Statement to a stockholder at a shared address to which a single copy of the documents was delivered. Conversely, stockholders sharing an address who are receiving multiple copies of Annual Reports or Proxy Statements may request delivery of a single copy.

Requests in this regard should be addressed to:

Walter K. Compton

Vice President and Secretary

Murphy Oil Corporation

P.O. Box 7000

El Dorado, Arkansas 71731-7000

(870) 862-6411

The above Notice and Proxy Statement are sent by order of the Board of Directors.

Walter K. Compton

Vice President and Secretary

El Dorado, Arkansas

March 26, 2010

PLEASE COMPLETE AND RETURN YOUR PROXY PROMPTLY IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF IT IS MAILED IN THE UNITED STATES OF AMERICA. ALTERNATIVELY, YOU MAY VOTE BY TELEPHONE OR INTERNET AS DESCRIBED ON THE PROXY CARD.

200 PEACH STREET

P.O. BOX 7000

EL DORADO, AR 71731-7000

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up **until 11:59 P.M. Eastern Time on May 11, 2010.** Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up **until 11:59 P.M. Eastern Time on May 11, 2010.** Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY

	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark For All Except and write the number(s) of the nominee(s) on the line below.
The Board of Directors recommends that you vote FOR the following:				
	..	..	..	
1. Election of Directors **Nominees**				

01 F.W. Blue 02 C.P. Deming 03 R.A. Hermes 04 J.V. Kelley 05 R.M. Murphy
06 W.C. Nolan, Jr. 07 N.E. Schmale 08 D.J.H. Smith 09 C.G. Theus 10 D.M. Wood

The Board of Directors recommends you vote FOR the following proposal(s):	For	Against	Abstain
2 Approve the appointment of KPMG LLP as independent registered public accounting firm.	..	..	..

NOTE: Murphy Oil Corporation encourages you to take advantage of new and convenient ways to vote the shares for proposals to be covered at the Annual Meeting of Stockholders. Please take this opportunity to use one of the three voting methods detailed above to vote these shares. This year, voting has been made easier than ever.

For address change/comments, mark here. ..
(see reverse for instructions) **Yes** **No**

Please indicate if you plan to attend this meeting ¨ ¨

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, Annual Report is/are available at www.proxyvote.com.

MURPHY OIL CORPORATION

PROXY SOLICITED BY THE BOARD OF DIRECTORS FOR

ANNUAL MEETING, MAY 12, 2010

The stockholder(s) whose name(s) appear(s) on the reverse side hereby appoints William C. Nolan, Jr. and David M. Wood, or each of them, as the stockholder s proxy or proxies, with full power of substitution, to vote all shares of Common Stock of Murphy Oil Corporation which the stockholder is entitled to vote at the Annual Meeting of Stockholders to be held at the South Arkansas Arts Center, 110 East 5th Street, El Dorado, Arkansas, on May 12, 2010, at 10:00 a.m., Central Daylight Time, and any adjournments thereof, as fully as the stockholder could if personally present.

THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE ON THE REVERSE SIDE, BUT IF NONE ARE INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED ON THE REVERSE SIDE AND FOR PROPOSAL 2. AS FAR AS THE COMPANY KNOWS, THESE ARE THE ONLY MATTERS TO BE BROUGHT BEFORE THE ANNUAL MEETING. AS TO ANY OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE MEETING, THE PERSONS NAMED AS PROXIES MAY VOTE THESE SHARES IN THEIR DISCRETION.

Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

ine-height:normal;">

17,900

-

-

299

18,199

Foreign currency

-

(653)

(32,369)

-

(33,022)

Other

60

-

-

-

60

Balance as of December 31, 2014

$

3,252,767

$

584,574

$

232,538

$

117,545

$

4,187,424

Acquisitions

-

-

-

-

-

Foreign currency

-

(167)

(16,625)

-

(16,792)

Other

-

-

-

-

-

Balance as of March 31, 2015

$

3,252,767

$

584,407

$

215,913

$

117,545

$

4,170,632

iHeartCommunications, Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 3 – LONG-TERM DEBT

Long-term debt at March 31, 2015 and December 31, 2014 consisted of the following:

(In thousands)		March 31, 2015		December 31, 2014
Senior Secured Credit Facilities[1]		$6,300,000		$7,231,222
Receivables Based Credit Facility Due 2017		120,000		-
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		575,000
9.0% Priority Guarantee Notes Due 2022		1,000,000		1,000,000
10.625% Priority Guarantee Notes Due 2023		950,000		-
Subsidiary Revolving Credit Facility Due 2018		-		-
Other Secured Subsidiary Debt[2]		16,729		19,257
Total Consolidated Secured Debt		12,711,544		12,575,294
14.0% Senior Notes Due 2021		1,678,314		1,661,697
The Company's Legacy Notes[3]		667,900		667,900
10.0% Senior Notes Due 2018		730,000		730,000
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		467		1,024
Purchase accounting adjustments and original issue discount		(227,186)		(234,897)
Total debt		20,486,039		20,326,018
Less: current portion		2,844		3,604
Total long-term debt	$	20,483,195	$	20,322,414

(1) Term Loan D and Term Loan E mature in 2019.

(2) Other secured subsidiary debt matures at various dates from 2015 through 2025.

(3) The Company's Legacy Notes, all of which were issued prior to the acquisition by iHeartMedia, Inc., consist of Senior Notes maturing at various dates from 2016 through 2027.

The Company's weighted average interest rates at March 31, 2015 and December 31, 2014 were 8.4% and 8.1%, respectively. The aggregate market value of the Company's debt based on market prices for which quotes were available was approximately $20.0 billion and $19.7 billion at March 31, 2015 and December 31, 2014, respectively. Under the fair value hierarchy established by ASC 820-10-35, the market value of the Company's debt is classified as either Level 1 or Level 2.

Debt Issuance

On February 26, 2015, the Company issued at par $950.0 million aggregate principal amount of 10.625% Priority Guarantee Notes due 2023. The notes mature on March 15, 2023 and bear interest at a rate of 10.625% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2015. The Company used the net proceeds from the offering primarily to prepay its term loan facilities due 2016.

During the first quarter of 2015, the Company borrowed $120.0 million principal amount under its receivables based credit facility due 2017 and used the borrowings therefrom for general corporate purposes.

iHeartCommunications, Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

Debt Repayments, Maturities, and Other

On February 26, 2015, the Company prepaid at par $916.1 million of loans outstanding under its Term Loan B facility and $15.2 million of loans outstanding under its Term Loan C asset sale facility, using the net proceeds of the Priority Guarantee Notes due 2023 issued on such date.

Guarantees

As of March 31, 2015, the Company had outstanding surety bonds, commercial standby letters of credit, and bank guarantees of $45.9 million, $115.5 million and $49.5 million, respectively. Bank guarantees of $12.4 million were cash secured. These surety bonds, letters of credit and bank guarantees relate to various operational matters including insurance, bid, concession and performance bonds as well as other items.

NOTE 4 – 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 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.

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 OUTFRONT Media Inc. (formerly CBS Outdoor Americas Inc.) 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 and pursuant to which Clear Channel Outdoor, Inc. had taken down existing billboards and converted 83 existing signs from static displays to digital displays. In 2009 the Los Angeles Superior Court ruled that the settlement agreement constituted an ultra vires act of the City, and nullified its existence. After further proceedings, on April 12, 2013 the Los Angeles Superior Court invalidated 82 digital modernization permits issued to Clear Channel Outdoor, Inc. (77 of which displays were operating at the time of the ruling), and Clear Channel Outdoor, Inc. was required to turn off the electrical power to all affected digital displays on April 15, 2013. The digital display structures remain intact but digital displays are currently prohibited in the City. Clear Channel Outdoor, Inc. is seeking permits under the existing City sign code to either wrap the LED faces with vinyl or convert the LED faces to traditional static signs, and has obtained a number of such permits. Clear Channel Outdoor, Inc. is also pursuing a new ordinance to permit digital signage in the City.

iHeartCommunications, Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 5 – INCOME TAXES

Income Tax Expense
The Company's income tax expense for the three months ended March 31, 2015 and 2014, respectively, consisted of the following components:

(In thousands)	Three Months Ended March 31,	
	2015	2014
Current tax expense	$ (40,385)	$ (43,080)
Deferred tax expense	(16,220)	(25,308)
Income tax expense	$ (56,605)	$ (68,388)

The effective tax rate for the three months ended March 31, 2015 was (17.2)% and for the three months ended March 31, 2014 was (18.8)%. The 2015 and 2014 effective tax rates were 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 the uncertainty of the ability to utilize those assets in future periods.

NOTE 6 – SHAREHOLDER'S 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 shareholder'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, 2015	$ (9,889,348)	$ 224,140	$ (9,665,208)
Net income (loss)	(384,966)	(1,668)	(386,634)
Dividends and other payments to noncontrolling interests	-	(2,119)	(2,119)
Purchase of additional noncontrolling interests	(19,264)	(1,136)	(20,400)
Foreign currency translation adjustments	(75,840)	(6,319)	(82,159)
Unrealized holding gain on marketable securities	738	84	822
Other adjustments to comprehensive loss	(1,036)	(118)	(1,154)
Other, net	593	2,576	3,169
Balances at March 31, 2015	$ (10,369,123)	$ 215,440	$ (10,153,683)

(In thousands)	The Company	Noncontrolling Interests	Consolidated
Balances at January 1, 2014	$ (8,942,166)	$ 245,531	$ (8,696,635)
Net loss	(424,190)	(8,200)	(432,390)
Foreign currency translation adjustments	875	(3,092)	(2,217)
Unrealized holding gain on marketable securities	955	129	1,084
Other adjustments to comprehensive loss	3,309	-	3,309
Other, net	430	(1,533)	(1,103)
Balances at March 31, 2014	$ (9,360,787)	$ 232,835	$ (9,127,952)

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

iHeartCommunications, Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 7 — OTHER INFORMATION

Other Comprehensive Income (Loss)

The total (decrease) increase in deferred income tax liabilities of other comprehensive income (loss) related to foreign currency translation adjustments and other for the quarters ended March 31, 2015 and 2014 were ($0.6) million and $8.2 million respectively.

Barter and Trade

Barter and trade revenues and expenses from continuing operations are included in consolidated revenue and selling, general and administrative expenses, respectively. Barter and trade revenues were $30.0 million and $13.6 million for the three months ended March 31, 2015 and 2014, respectively and barter and trade expenses were $28.1 million and $13.5 million for the three months ended March 31, 2015 and 2014, respectively.

NOTE 8 – SEGMENT DATA

The Company's reportable segments, which it believes best reflect how the Company is currently managed, are iHM, 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 iHM segment provides media and entertainment services via broadcast and digital delivery and also includes the Company's events and national syndication businesses. The Americas outdoor advertising segment consists of operations primarily in the United States, Canada, and Latin America. The International outdoor advertising segment primarily includes operations in Europe, Asia, and Australia. The Other category includes the Company's media representation business as well as other general support services and initiatives that are ancillary to the Company's other businesses. Corporate includes infrastructure and support, including information technology, human resources, legal, finance and administrative functions for each of the Company's reportable segments, as well as overall executive, administrative and support functions. Share-based payments are recorded in corporate expense.

iHeartCommunications, Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

During the first quarter of 2015, 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, 2015 and 2014.

(In thousands)	iHM	Americas Outdoor Advertising	International Outdoor Advertising	Other	Corporate and other reconciling items	Eliminations	Consolidated
Three Months Ended March 31, 2015							
Revenue	$ 697,801	$ 295,863	$ 319,180	$ 35,462	$ -	$ (3,742)	$ 1,344,564
Direct operating expenses	213,829	146,234	216,737	3,398	-	(1,679)	578,519
Selling, general and administrative expenses	261,349	55,637	71,493	29,772	-	(2,063)	416,188
Depreciation and amortization	60,742	50,340	42,441	7,666	9,264	-	170,453
Corporate expenses	-	-	-	-	77,288	-	77,288
Other operating expense, net	-	-	-	-	(8,974)	-	(8,974)
Operating income (loss)	$ 161,881	$ 43,652	$ (11,491)	$ (5,374)	$ (95,526)	$ -	$ 93,142
Intersegment revenues	$ -	$ 1,101	$ -	$ 2,641	$ -	$ -	$ 3,742
Capital expenditures	$ 11,913	$ 16,695	$ 25,105	$ 1,051	$ 1,691	$ -	$ 56,455
Share-based compensation expense	$ -	$ -	$ -	$ -	$ 2,524	$ -	$ 2,524
Three Months Ended March 31, 2014							
Revenue	$ 670,347	$ 290,610	$ 344,641	$ 41,495	$ -	$ (4,545)	$ 1,342,548
Direct operating expenses	211,946	143,364	238,149	6,388	-	(2,159)	597,688
	253,345	56,368	76,581	30,728	-	(2,386)	414,636

Selling, general and administrative expenses													
Depreciation and amortization		60,324		49,712		48,331		8,719		7,785		-		174,871
Corporate expenses		-		-		-		-		72,705		-		72,705
Other operating income, net		-		-		-		-		165		-		165
Operating income (loss)	$	144,732	$	41,166	$	(18,420)	$	(4,340)	$	(80,325)	$	-	$	82,813
Intersegment revenues	$	-	$	976	$	-	$	3,569	$	-	$	-	$	4,545
Capital expenditures	$	10,292	$	16,444	$	20,862	$	1,807	$	18,003	$	-	$	67,408
Share-based compensation expense	$	-	$	-	$	-	$	-	$	3,036	$	-	$	3,036

NOTE 9 – 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 March 31, 2015 and 2014, the Company recognized management fees and reimbursable expenses of $3.9 million and $4.0 million, respectively.

Stock Purchases

On August 9, 2010, the Company announced that its board of directors approved a stock purchase program under which the Company or its subsidiaries may purchase up to an aggregate of $100.0 million of the Class A common stock of Parent and/or the Class A common stock of CCOH. The stock purchase program did not have a fixed expiration date and could be modified, suspended or terminated at any time at our discretion. In January 2015, CC Finco, LLC (“CC Finco”), an indirect wholly-owned subsidiary of the Company, purchased 2,000,000 shares of CCOH’s Class A common stock for $20.4 million. During 2014, CC Finco purchased 5,000,000 shares of CCOH’s Class A common stock for approximately $48.8 million. During 2012, CC Finco purchased 111,291 shares of Parent’s Class A common stock for $0.7 million. During 2011, CC Finco purchased 1,553,971 shares of CCOH’s Class A

iHeartCommunications, Inc. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

common stock through open market purchases for approximately $16.4 million. As of March 31, 2015, an aggregate $13.8 million was available under the stock purchase program to purchase Class A common stock of Parent and/or the Class A common stock of CCOH.

On April 2, 2015, CC Finco purchased an additional 2,172,946 shares of CCOH's Class A common stock for $22.2 million, increasing iHeartCommunications' collective holdings to represent slightly more than 90% of the outstanding shares of CCOH's common stock on a fully-diluted basis, assuming the conversion of all of CCOH's Class B common stock into Class A common stock. As a result of this purchase, the stock purchase program concluded. The purchase of shares in excess of the amount available under the stock purchase program was separately approved by the board of directors.

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

Format of Presentation

Management's discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related footnotes. Our discussion is presented on both a consolidated and segment basis. All references in this Quarterly Report on Form 10-Q to "we," "us" and "our" refer to iHeartCommunications, Inc. and its consolidated subsidiaries. Our reportable segments are iHeartMedia ("iHM"), Americas outdoor advertising ("Americas outdoor" or "Americas outdoor advertising") and International outdoor advertising ("International outdoor" or "International outdoor advertising"). Our iHM segment provides media and entertainment services via broadcast and digital delivery and also includes our events and national syndication businesses. Our Americas outdoor and International outdoor segments provide outdoor advertising services in their respective geographic regions using various digital and traditional display types. Included in the "Other" category are our media representation business, Katz Media Group, as well as other general support services and initiatives, which are ancillary to our other businesses. Certain prior-period amounts have been reclassified to conform to the 2015 presentation.

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

Our iHM business utilizes several key measurements to analyze performance, including average minute rates and minutes sold. Our iHM revenue is derived primarily from selling advertising time, or spots, on our radio stations, with advertising contracts typically less than one year in duration. The programming formats of our radio stations are designed to reach audiences with targeted demographic characteristics that appeal to our advertisers. We also provide streaming content via the Internet, mobile and other digital platforms that reach national, regional and local audiences and derive revenues primarily from selling advertising time with advertising contracts similar to those used by our radio stations. Additionally, we promote, produce and curate special nationally-recognized events for our listeners.

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

Our advertising revenue for all of our segments is correlated to changes in gross domestic product ("GDP") as advertising spending has historically trended in line with GDP, both domestically and internationally. Internationally, our results are impacted by fluctuations in foreign currency exchange rates and economic conditions in the foreign markets in which we have operations.

Executive Summary

The key developments in our business for the three months ended March 31, 2015 are summarized below:

- Consolidated revenue increased $2.0 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $53.8 million impact from movements in foreign exchange rates, consolidated revenue increased $55.8 million during the three months ended March 31, 2015 compared to the same period of 2014.

- iHM revenue increased $27.5 million during the three months ended March 31, 2015 compared to the same period of 2014 driven primarily by our traffic and weather and syndication businesses and events.

- Americas outdoor revenue increased $5.3 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $3.7 million impact from movements in foreign exchange rates, Americas outdoor revenue increased $9.0 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily driven by higher revenues from digital billboards and Times Square spectaculars.

- International outdoor revenue decreased $25.5 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $50.1 million impact from movements in foreign exchange rates, International outdoor revenue increased $24.6 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily driven by growth in Europe, Australia and China.

- Other revenues decreased $6.0 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily as a result of lower political revenues from our media representation business.

- We spent $10.4 million on strategic revenue and efficiency initiatives during Q1 2015 to realign and improve our on-going business operations—a decrease of $2.8 million compared to Q1 2014.

- In February 2015, the Company issued $950.0 million of 10.625% Priority Guarantee Notes due 2023 and used the net proceeds primarily to prepay at par $916.1 million of the loans outstanding under its Term Loan B facility and $15.2 million of the loans outstanding under its Term Loan C asset sale facility.

- On April 3, 2015, Parent and certain of our subsidiaries completed the first closing of our previously-announced agreement with an affiliate of Vertical Bridge Holdings, LLC, for the sale of 411 of our broadcast communications tower sites and related assets for up to $400 million. In connection with the first closing, we sold 367 tower sites in exchange for $369 million of proceeds. Simultaneous with the first closing, we entered into lease agreements for the continued use of the towers.

Consolidated Results of Operations

The comparison of our historical results of operations for the three months ended March 31, 2015 to the three months ended March 31, 2014 is as follows:

(In thousands)	Three Months Ended March 31,		%
	2015	2014	Change
Revenue	$ 1,344,564	$ 1,342,548	0.2%
Operating expenses:			
Direct operating expenses (excludes depreciation and amortization)	578,519	597,688	(3.2%)
Selling, general and administrative expenses (excludes depreciation and amortization)	416,188	414,636	0.4%
Corporate expenses (excludes depreciation and amortization)	77,288	72,705	6.3%
Depreciation and amortization	170,453	174,871	(2.5%)
Other operating income (loss), net	(8,974)	165	(5538.8%)
Operating income	93,142	82,813	12.5%
Interest expense	441,771	431,114	
Gain on marketable securities	579	-	
Equity in earnings (loss) of nonconsolidated affiliates	331	(13,326)	
Loss on extinguishment of debt	(2,201)	(3,916)	
Other income, net	19,891	1,541	
Loss before income taxes	(330,029)	(364,002)	
Income tax expense	(56,605)	(68,388)	
Consolidated net loss	(386,634)	(432,390)	
Less amount attributable to noncontrolling interest	(1,668)	(8,200)	
Net loss attributable to the Company	$ (384,966)	$ (424,190)	

Consolidated Revenue

Consolidated revenue increased $2.0 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $53.8 million impact from movements in foreign exchange rates, consolidated revenue increased $55.8 million during the three months ended March 31, 2015 compared to the same period of 2014. iHM

revenue increased $27.5 million during the three months ended March 31, 2015 compared to the same period of 2014 driven primarily by our traffic and weather and syndication businesses and events, partially offset by a decrease in core local revenues. Americas outdoor revenue increased $5.3 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $3.7 million impact from movements in foreign exchange rates, Americas outdoor revenue increased $9.0 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily driven by higher revenues from digital billboards and Times Square spectaculars. International outdoor revenue decreased $25.5 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $50.1 million impact from movements in foreign exchange rates, International outdoor revenue increased $24.6 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily driven by new contracts and from

growth in Europe, Australia and China. Other revenues decreased $6.0 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily as a result of lower political revenues from our media representation business.

Consolidated Direct Operating Expenses

Consolidated direct operating expenses decreased $19.2 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $36.0 million impact from movements in foreign exchange rates, consolidated direct operating expenses increased $16.8 million during the three months ended March 31, 2015 compared to the same period of 2014. iHM direct operating expenses increased $1.9 million during the three months ended March 31, 2015 compared to the same period of 2014, primarily resulting from higher music license and performance royalties. Americas outdoor direct operating expenses increased $2.9 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $2.2 million impact from movements in foreign exchange rates, Americas outdoor direct operating expenses increased $5.1 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily due to higher variable site lease expenses related to the increase in revenues. International outdoor direct operating expenses decreased $21.4 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $33.8 million impact from movements in foreign exchange rates, International outdoor direct operating expenses increased $12.4 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily as a result of higher variable costs associated with higher revenue.

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

Consolidated SG&A expenses increased $1.6 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $12.5 million impact from movements in foreign exchange rates, consolidated SG&A expenses increased $14.1 million during the three months ended March 31, 2015 compared to the same period of 2014. iHM SG&A expenses increased $8.0 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily due to advertising and promotion expenses, partially offset by lower compensation expenses as a result of the Company's strategic revenue and efficiency initiatives. Americas outdoor SG&A expenses decreased $0.7 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $0.9 million impact from movements in foreign exchange rates, Americas outdoor SG&A expenses increased $0.2 million during the three months ended March 31, 2015 compared to the same period of 2014. International outdoor SG&A expenses decreased $5.1 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $11.6 million impact from movements in foreign exchange rates, International outdoor SG&A expenses increased $6.5 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily due to higher compensation expense, including commissions in connection with higher revenues.

Corporate Expenses

Corporate expenses increased $4.6 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $1.2 million impact from movements in foreign exchange rates, corporate expenses increased $5.8 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily

due to increased employee benefits, and property and casualty insurance costs, as well as the impact of an $8.5 million insurance recovery related to shareholder litigation recognized in the first quarter of 2014. These increases were partially offset by lower severance costs, primarily as a result of the $6.3 million incurred in the first quarter 2014 related to the separation of the former iHM segment CEO.

Revenue and Efficiency Initiatives

Included in the amounts for direct operating expenses, SG&A and corporate expenses discussed above are expenses of $10.4 million incurred in connection with our strategic revenue and efficiency initiatives during the three months ended March 31, 2015. Of these expenses, $2.2 million was incurred by our iHM segment, $0.5 million was incurred by our Americas outdoor segment, $0.6 million was incurred by our International outdoor segment, $2.9 million was incurred by our Other category and $4.2 million was incurred by Corporate. The costs were incurred to improve revenue growth, enhance yield, reduce costs and organize each business to maximize performance and profitability. These costs consist primarily of severance related to workforce initiatives, consolidation of locations and positions, consulting expenses and other costs incurred in connection with improving our businesses. These costs are expected to provide benefits in future periods as the initiative results are realized.

Of the strategic revenue and efficiency costs of $10.4 million during the first quarter of 2015, $1.1 million are reported within direct operating expenses, $5.1 million are reported within SG&A and $4.2 million are reported within corporate expense. In the first quarter of 2014, such costs totaled $1.2 million, $1.8 million and $10.2 million, respectively.

Depreciation and Amortization

Depreciation and amortization decreased $4.4 million during the three months ended March 31, 2015, compared to the same period of 2014. The decrease was primarily due to the impact from movements in foreign exchange rates.

Other Operating Income (Expense), Net

Other operating expense was $9.0 million for the three months ended March 31, 2015, which related primarily to costs incurred in connection with transactions, including acquisitions and dispositions of assets.

Interest Expense

Interest expense increased $10.7 million during the three months ended March 31, 2015 compared to the same period of 2014, due to a higher weighted average cost of debt.

Equity in Earnings (Loss) of Nonconsolidated Affiliates

The loss of $13.3 million during the three months ended March 31, 2014 primarily related to the loss on the sale of our 50% interest in Australian Radio Network ("ARN"), which included a loss on the sale of $2.4 million and $11.5 million of foreign exchange losses that were reclassified from accumulated other comprehensive income at the date of the sale.

Other Income, net

Other income, net was $19.9 million for the three months ended March 31, 2015, which primarily related to foreign currency gains recognized in connection with intercompany notes denominated in foreign currencies.

Loss on Extinguishment of Debt

In connection with the prepayment of the Company's term loan facilities due 2016 during the first quarter of 2015, we recognized a loss of $2.2 million.

During the first quarter of 2014, CC Finco, LLC ("CC Finco"), an indirect wholly-owned subsidiary of ours, repurchased $52.9 million aggregate principal amount of our outstanding 5.5% Senior Notes due 2014 and $9.0 million aggregate principal amount of our outstanding 4.9% Senior Notes due 2015 for a total of $63.1 million, including accrued interest, through open market purchases. In connection with these transactions, we recognized a loss of $3.9 million.

Income Tax Expense

The effective tax rate for the three months ended March 31, 2015 was (17.2)% and for the three months ended March 31, 2014 was (18.8)%. The 2015 and 2014 effective tax rates were primarily impacted by the deferred tax valuation allowance recorded against deferred tax assets originating in the period from net operating losses in U.S federal, state and certain foreign jurisdictions.

iHM Results of Operations

Our iHM operating results were as follows:

(In thousands)	Three Months Ended March 31,		%
	2015	2014	Change
Revenue	$ 697,801	$ 670,347	4%
Direct operating expenses	213,829	211,946	1%
SG&A expenses	261,349	253,345	3%
Depreciation and amortization	60,742	60,324	1%
Operating income	$ 161,881	$ 144,732	12%

iHM revenue increased $27.5 million during the three months ended March 31, 2015 compared to the same period of 2014 driven primarily by an increase in our traffic and weather business, which grew primarily due to new sales initiatives. The remaining

increase resulted from a combination of growth in our syndication business driven by a higher volume of advertising placed with our news/talk format and the timing of events, such as the iHeartRadio Music Awards show, compared to the first quarter of 2014, as well as higher barter and trade revenue compared to the first quarter of 2014. Partially offsetting these increases was a decrease in core local broadcast radio revenue.

iHM direct operating expenses increased $1.9 million during the three months ended March 31, 2015 compared to the same period of 2014, primarily resulting from higher music license and performance royalties, partially offset by lower event production costs and lower compensation expense as a result of efficiency initiatives. iHM SG&A expenses increased $8.0 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily due to advertising and promotion expenses, including barter and trade, partially offset by lower compensation expense, including commissions, primarily as a result of efficiency initiatives. Strategic revenue and efficiency spending included in SG&A expenses increased $1.2 million compared to the same period last year.

Americas Outdoor Advertising Results of Operations

Our Americas outdoor operating results were as follows:

(In thousands)	Three Months Ended March 31,		%
	2015	2014	Change
Revenue	$ 295,863	$ 290,610	2%
Direct operating expenses	146,234	143,364	2%
SG&A expenses	55,637	56,368	(1%)
Depreciation and amortization	50,340	49,712	1%
Operating income	$ 43,652	$ 41,166	6%

Americas outdoor revenue increased $5.3 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $3.7 million impact from movements in foreign exchange rates, Americas outdoor revenue increased $9.0 million during the three months ended March 31, 2015 compared to the same period of 2014 driven primarily by an increase in revenues from our digital billboards as a result of increased capacity and occupancy, as well as higher revenues from our Time Square spectaculars.

Americas outdoor direct operating expenses increased $2.9 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $2.2 million impact from movements in foreign exchange rates, Americas outdoor direct operating expenses increased $5.1 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily due to higher variable site lease expenses related to the increase in revenues. Americas outdoor SG&A expenses decreased $0.7 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $0.9 million impact from movements in foreign exchange rates, Americas outdoor SG&A expenses increased $0.2 million during the three months ended March 31, 2015 compared to the same period of 2014.

International Outdoor Advertising Results of Operations

Our International outdoor operating results were as follows:

(In thousands)	Three Months Ended March 31,		%
	2015	2014	Change
Revenue	$ 319,180	$ 344,641	(7%)
Direct operating expenses	216,737	238,149	(9%)
SG&A expenses	71,493	76,581	(7%)
Depreciation and amortization	42,441	48,331	(12%)
Operating income	$ (11,491)	$ (18,420)	(38%)

International outdoor revenue decreased $25.5 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $50.1 million impact from movements in foreign exchange rates, International outdoor revenue

increased $24.6 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily driven by new contracts and higher occupancy in certain European countries, including Sweden, Italy and Norway, as well as growth in Australia and China.

International outdoor direct operating expenses decreased $21.4 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $33.8 million impact from movements in foreign exchange rates, International outdoor direct operating expenses increased $12.4 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily as a result of higher variable costs associated with higher revenue, partially offset by lower production expenses in certain countries in connection with efficiency initiatives. International outdoor SG&A expenses decreased $5.1 million during the three months ended March 31, 2015 compared to the same period of 2014. Excluding the $11.6 million impact from movements in foreign exchange rates, International outdoor SG&A expenses increased $6.5 million during the three months ended March 31, 2015 compared to the same period of 2014 primarily due to higher compensation expense, including commissions in connection with higher revenues.

Reconciliation of Segment Operating Income to Consolidated Operating Income

(In thousands)	Three Months Ended March 31,	
	2015	2014
iHM	$ 161,881	$ 144,732
Americas outdoor advertising	43,652	41,166
International outdoor advertising	(11,491)	(18,420)
Other	(5,374)	(4,340)
Other operating income, net	(8,974)	165
Corporate expense [1]	(86,552)	(80,490)
Consolidated operating income	$ 93,142	$ 82,813

[1] Corporate expenses include expenses related to iHM, Americas outdoor, International outdoor and our Other category, as well as overall executive, administrative and support functions.

Share-Based Compensation Expense

We do not have any compensation plans under which we grant stock awards to employees. Certain employees receive equity awards from Parent’s and CCOH’s equity incentive plans.

Share-based compensation payments are recorded in corporate expenses and were $2.5 million and $3.0 million for the three months ended March 31, 2015 and 2014, respectively.

As of March 31, 2015, there was $22.0 million of unrecognized compensation cost related to unvested share-based compensation arrangements that will vest based on service conditions. Based on the terms of the award agreements, this cost is expected to be recognized over a weighted average period of approximately three years. In addition, as of

March 31, 2015, there was $22.2 million of unrecognized compensation cost related to unvested share-based compensation arrangements that will vest based on market, performance and service conditions. This cost will be recognized when it becomes probable that the performance condition will be satisfied.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following discussion highlights cash flow activities during the three months ended March 31, 2015 and 2014, respectively:

(In thousands)	Three Months Ended March 31,	
	2015	2014
Cash provided by (used for):		
Operating activities	$ (236,212)	$ (91,648)
Investing activities	$ (30,568)	$ 152,654
Financing activities	$ 104,981	$ (105,984)

Operating Activities

Cash used for operating activities was $236.2 million during the three months ended March 31, 2015 compared to $91.7 million of cash used during the three months ended March 31, 2014. Our consolidated net loss included $193.1 million of non-cash items in 2015. Our consolidated net loss in 2014 included $253.4 million of non-cash items. Non-cash items affecting our net loss include depreciation and amortization, deferred taxes, provision for doubtful accounts, amortization of deferred financing charges and note discounts, net, share-based compensation, gain on disposal of operating and fixed assets, gain on marketable securities, equity in (earnings) loss of nonconsolidated affiliates, loss on extinguishment of debt, and other reconciling items, net as presented on the face of the consolidated statement of cash flows. The increase in cash used for operating activities can be partially attributed to changes in working capital balances, particularly accrued expenses and accrued interest resulting from the timing of payments. Cash paid for interest during the three months ended March 31, 2015 was $495.0 million as compared to $412.6 million paid during the three months ended March 31, 2014.

Investing Activities

Cash used for investing activities of $30.6 million during the three months ended March 31, 2015 primarily reflected capital expenditures of $56.5 million, partially offset by proceeds of $32.6 million from the sale of various operating assets, including our San Antonio office buildings of which we are partially leasing back under long-term operating leases. We spent $11.9 million for capital expenditures in our iHM segment primarily related to leasehold improvements and IT infrastructure, $16.7 million in our Americas outdoor segment primarily related to the construction of new advertising structures such as digital displays, $25.1 million in our International outdoor segment primarily related to billboard and street furniture advertising structures, $1.1 million in our Other category and $1.7 million by Corporate primarily related to equipment and software.

Cash provided by investing activities of $152.7 million during the three months ended March 31, 2014 primarily reflected proceeds of $221.0 million from the sale of our 50% interest in ARN, partially offset by capital expenditures of $67.4 million. We spent $10.3 million for capital expenditures in our iHM segment primarily related to leasehold improvements and equipment, $16.4 million in our Americas outdoor segment primarily related to the construction of new advertising structures including digital displays, $20.9 million in our International outdoor segment primarily related to billboard and street furniture advertising structures, $1.8 million in our Other category, and $18.0 million by Corporate primarily related to equipment and software purchases.

Financing Activities

Cash provided by financing activities of $105.0 million during the three months ended March 31, 2015 primarily reflected the borrowing of $120.0 million under our receivables based credit facility, as well as the net effect of the proceeds from the issuance of $950 million of 10.625% Priority Guarantee Notes due 2023 and the use of the net proceeds primarily to prepay at par $916.1 million of the loans outstanding under our Term Loan B facility and $15.2 million of the loans outstanding under our Term Loan C asset sale facility.

Cash used for financing activities of $106.0 million during the three months ended March 31, 2014 primarily reflected payments on credit facilities, partially offset by proceeds from long-term debt. We repaid the full $247.0 million principal amount outstanding under its receivables based credit facility, using cash on hand. This was partially offset by cash proceeds from the sale by a subsidiary of ours to private purchasers of $227.0 million aggregate principal amount of 14% Senior Notes due 2021. Other cash used for financing activities included payments by a subsidiary of ours to repurchase $52.9 million aggregate principal amount of our

outstanding 5.5% Senior Notes and $9.0 million aggregate principal amount of our outstanding 4.9% of Senior Notes for a total of $63.1 million, including accrued interest.

Anticipated Cash Requirements

Our primary source of liquidity is cash on hand, cash flow from operations and borrowing capacity under our domestic receivables based credit facility, subject to certain limitations contained in our material financing agreements. A significant amount of our cash requirements are for debt service obligations. We anticipate cash interest requirements of approximately $1.3 billion for the remainder of 2015. At March 31, 2015, we had debt maturities totaling $195.5 million, $126.8 million and $909.3 million in 2016, 2017 and 2018, respectively. At March 31, 2015, we had $289.0 million of cash on our balance sheet, with $196.1 million in consolidated cash balances held outside the U.S. by our subsidiaries, a portion of which is held by non-wholly owned subsidiaries or is otherwise subject to certain restrictions and not readily accessible to us. It is our policy to permanently reinvest the earnings of our non-U.S. subsidiaries as these earnings are generally redeployed in those jurisdictions for operating needs and continued functioning of their businesses. We have the ability and intent to indefinitely reinvest the undistributed earnings of consolidated subsidiaries based outside of the United States. If any excess cash held by our foreign subsidiaries were needed to fund operations in the United States, we could presently repatriate available funds without a requirement to accrue or pay U.S. taxes. This is a result of significant current and historic deficits in our foreign earnings and profits, which gives us flexibility to make future cash distributions as non-taxable returns of capital.

Our ability to fund our working capital, capital expenditures, debt service and other obligations, and to comply with the financial covenants under our financing agreements, depends on our future operating performance and cash from operations and our ability to generate cash from other liquidity-generating transactions, which are in turn subject to prevailing economic conditions and other factors, many of which are beyond our control. We are currently exploring, and expect to continue to explore, a variety of transactions to provide us with additional liquidity. We cannot assure you that we will enter into or consummate any such liquidity-generating transactions, or that such transactions will provide sufficient cash to satisfy our liquidity needs, and we cannot currently predict the impact that any such transaction, if consummated, would have on us. If our future operating performance does not meet our expectations or our plans materially change in an adverse manner or prove to be materially inaccurate, we may not be able to refinance our debt as currently contemplated. Our ability to refinance the debt will depend on the condition of the capital markets and our financial condition at the time. There can be no assurance that refinancing alternatives will be available on terms acceptable to us or at all. Even if refinancing alternatives are available to us, we may not find them suitable or at comparable interest rates to the indebtedness being refinanced. In addition, the terms of our existing or future debt agreements may restrict us from securing a refinancing on terms that are available to us at that time. If we are unable to obtain sources of refinancing or generate sufficient cash through liquidity-generating transactions, we could face substantial liquidity problems, which could have a material adverse effect on our financial condition and on our ability to meet our obligations.

Our financing transactions during 2014 and the three months ended March 31, 2015 increased our annual interest expense. Our increased interest payment obligations will reduce our liquidity over time, which could in turn reduce our financial flexibility and make us more vulnerable to changes in operating performance and economic downturns generally, and could negatively affect our ability to obtain additional financing in the future.

We frequently evaluate strategic opportunities both within and outside our existing lines of business. We expect from time to time to pursue acquisitions or dispositions, which could be material. Our and our subsidiaries' significant amount of indebtedness may limit our ability to pursue acquisitions. The terms of our existing or future debt agreements may also restrict our ability to engage in these transactions.

Based on our current and anticipated levels of operations and conditions in our markets, we believe that cash on hand, cash flow from operations, borrowing capacity under our receivables based credit facility will enable us to meet our working capital, capital expenditure, debt service and other funding requirements for at least the next 12 months. Significant assumptions underlie this belief, including, among other things, that we will continue to be successful in implementing our business strategy and that there will be no material adverse developments in our business, liquidity or capital requirements, and that we will be able to consummate liquidity-generating transactions in a timely manner and on terms acceptable to us. We cannot assure you that this will be the case. If our future cash flows from operations, financing sources and other liquidity-generating transactions are insufficient to pay our debt obligations as they mature or to fund our liquidity needs, we may be forced to reduce or delay our business activities and capital expenditures, sell material assets, seek additional capital or refinance our and our subsidiaries' debt. We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all.

We were in compliance with the covenants contained in our material financing agreements as of March 31, 2015, including the maximum consolidated senior secured net debt to consolidated EBITDA limitation contained in our senior secured credit facilities.

We believe our long-term plans, which include promoting spending by advertisers in our industries and capitalizing on our diverse geographic and product opportunities, including the continued investment in our media and entertainment initiatives and continued deployment of digital displays, will enable us to continue generating cash flows from operations sufficient to meet our liquidity and funding requirements long-term. However, our anticipated results are subject to significant uncertainty and there can be no assurance that we will be able to maintain compliance with these covenants. In addition, our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any covenants set forth in our financing agreements would result in a default thereunder. An event of default would permit the lenders under a defaulted financing agreement to declare all indebtedness thereunder to be due and payable prior to maturity. Moreover, the lenders under the receivables based credit facility under our senior secured credit facilities would have the option to terminate their commitments to make further extensions of credit thereunder. If we are unable to repay our obligations under any secured credit facility, the lenders could proceed against any assets that were pledged to secure such facility. In addition, a default or acceleration under any of our material financing agreements could cause a default under other of our obligations that are subject to cross-default and cross-acceleration provisions. The threshold amount for a cross-default under the senior secured credit facilities is $100.0 million.

Sources of Capital

As of March 31, 2015 and December 31, 2014, we had the following debt outstanding, net of cash and cash equivalents:

(In millions)	March 31, 2015	December 31, 2014
Senior Secured Credit Facilities:		
Term Loan B Facility Due 2016	-	916.1
Term Loan C - Asset Sale Facility Due 2016	-	15.2
Term Loan D Facility Due 2019	5,000.0	5,000.0
Term Loan E Facility Due 2019	1,300.0	1,300.0
Receivables Based Credit Facility Due 2017 (1)	120.0	-
9.0% Priority Guarantee Notes Due 2019	1,999.8	1,999.8
9.0% Priority Guarantee Notes Due 2021	1,750.0	1,750.0
11.25% Priority Guarantee Notes Due 2021	575.0	575.0
9.0% Priority Guarantee Notes Due 2022	1,000.0	1,000.0
10.625% Priority Guarantee Notes Due 2023	950.0	-
Subsidiary Senior Revolving Credit Facility due 2018	-	-
Other Secured Subsidiary Debt	16.7	19.2
Total Secured Debt	12,711.5	12,575.3
14.0% Senior Notes Due 2021	1,678.2	1,661.6
Legacy Notes:		
5.5% Senior Notes Due 2016	192.9	192.9
6.875% Senior Notes Due 2018	175.0	175.0
7.25% Senior Notes Due 2027	300.0	300.0
10.0% Senior Notes Due 2018	730.0	730.0
Subsidiary Senior Notes:		
6.5% Series A Senior Notes Due 2022	735.8	735.8
6.5% Series B Senior Notes Due 2022	1,989.3	1,989.3
Subsidiary Senior Subordinated Notes:		
7.625% Series A Senior Notes Due 2020	275.0	275.0
7.625% Series B Senior Notes Due 2020	1,925.0	1,925.0
Other Subsidiary Debt	0.5	1.0
Purchase accounting adjustments and original issue discount	(227.2)	(234.9)
Total Debt	20,486.0	20,326.0
Less: Cash and cash equivalents	289.0	457.0
	$ 20,197.0	$ 19,869.0

(1) The receivables based credit facility provides for borrowings of up to the lesser of $535.0 million (the revolving credit commitment) or the borrowing base amount, as defined under the receivables based credit facility, subject to certain limitations contained in our material financing agreements.

Our subsidiaries have from time to time repurchased certain debt obligations of ours and outstanding equity securities outstanding of Parent and CCOH, and may in the future, as part of various financing and investment strategies, purchase additional outstanding indebtedness of ours or our subsidiaries or outstanding equity securities of Parent or CCOH, in tender offers, open market purchases, privately negotiated transactions or otherwise. We or our subsidiaries may also sell certain assets, securities, or properties. These purchases or sales, if any, could have a material positive or negative impact on our cash available to repay outstanding debt obligations or on our consolidated results of

operations. These transactions could also require or result in amendments to the agreements governing outstanding debt obligations or changes in our leverage or other financial ratios, which could have a material positive or negative impact on our ability to comply with the covenants contained in our debt agreements. These transactions, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Senior Secured Credit Facilities

The senior secured credit facilities require us to comply on a quarterly basis with a financial covenant limiting the ratio of consolidated secured debt, net of cash and cash equivalents, to consolidated EBITDA (as defined by our senior secured credit facilities) for the preceding four quarters. Our secured debt consists of the senior secured credit facilities, the receivables based credit facility, the priority guarantee notes and certain other secured subsidiary debt. As required by the definition of consolidated EBITDA in our senior secured credit facilities, our consolidated EBITDA for the preceding four quarters of $1.9 billion is calculated as operating income (loss) before depreciation, amortization, impairment charges and other operating income (expense), net plus share-based compensation and is further adjusted for the following items: (i) costs incurred in connection with the closure and/or consolidation of facilities, retention charges, consulting fees and other permitted activities; (ii) extraordinary, non-recurring or unusual gains or losses or expenses and severance; (iii) non-cash charges; (iv) cash received from nonconsolidated affiliates; and (v) various other items.

The following table reflects a reconciliation of consolidated EBITDA (as defined by our senior secured credit facilities) to operating income and net cash provided by operating activities for the four quarters ended March 31, 2015:

(In Millions)		Four Quarters Ended March 31, 2015
Consolidated EBITDA (as defined by our senior secured credit facilities)	$	1,947.4
Less adjustments to consolidated EBITDA (as defined by our senior secured credit facilities):		
Costs incurred in connection with the closure and/or consolidation of facilities, retention charges, consulting fees, and other permitted activities		(73.5)
Extraordinary, non-recurring or unusual gains or losses or expenses and severance (as referenced in the definition of consolidated EBITDA in our senior secured credit facilities)		(30.3)
Non-cash charges		(30.3)
Cash received from nonconsolidated affiliates		-
Other items		(12.7)
Less: Depreciation and amortization, Impairment charges, Other operating income (expense), net, and Share-based compensation expense		(708.7)
Operating income		1,091.9
Plus: Depreciation and amortization, Impairment charges, Gain (loss) on disposal of operating and fixed assets, and Share-based compensation expense		697.1
Less: Interest expense		(1,752.3)
Less: Current income tax expense		(21.9)
Plus: Other income (expense), net		27.5

Adjustments to reconcile consolidated net loss to net cash provided by operating activities (including Provision for doubtful accounts, Amortization of deferred financing charges and note discounts, net and Other reconciling items, net)		58.5
Change in assets and liabilities, net of assets acquired and liabilities assumed		(0.2)
Net cash provided by operating activities	$	100.6

The maximum ratio under this financial covenant was 8.75:1 for the four quarters ended March 31, 2015. At March 31, 2015, our ratio was 6.4:1.

Debt Issuance

On February 26, 2015, we issued at par $950.0 million aggregate principal amount of 10.625% Priority Guarantee Notes due 2023. The notes mature on March 15, 2023 and bear interest at a rate of 10.625% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2015. We used the net proceeds from the offering primarily to prepay its term loan facilities due 2016.

During the first quarter of 2015, we borrowed $120.0 million principal amount under our receivables based credit facility due 2017 and used the borrowings therefrom for general corporate purposes.

Uses of Capital

Debt Repayments, Maturities and Other

On February 26, 2015, we prepaid at par $916.1 million of loans outstanding under its term loan B facility and $15.2 million of loans outstanding under its term loan C asset sale facility, using the net proceeds of the Priority Guarantee Notes due 2023 issued on such date.

Stock Purchases

On August 9, 2010, we announced that our board of directors approved a stock purchase program under which we or our subsidiaries may purchase up to an aggregate of $100.0 million of the Class A common stock of Parent and/or the Class A common stock of CCOH. The stock purchase program did not have a fixed expiration date and could be modified, suspended or terminated at any time at our discretion. In January 2015, CC Finco, our indirect wholly-owned subsidiary, purchased 2,000,000 shares of CCOH's Class A common stock for $20.4 million. During 2014, CC Finco purchased 5,000,000 shares of CCOH's Class A common stock for approximately $48.8 million. During 2012, CC Finco purchased 111,291 shares of Parent's Class A common stock for $0.7 million. During 2011, CC Finco purchased 1,553,971 shares of CCOH's Class A common stock through open market purchases for approximately $16.4 million. As of March 31, 2015, an aggregate $13.8 million was available under the stock purchase program to purchase Class A common stock of Parent and/or the Class A common stock of CCOH.

On April 2, 2015, CC Finco purchased an additional 2,172,946 shares of CCOH's Class A common stock for $22.2 million, increasing our collective holdings to represent slightly more than 90% of the outstanding shares of CCOH's common stock on a fully-diluted basis, assuming the conversion of all of CCOH's Class B common stock into Class A common stock. As a result of this purchase, the stock purchase program concluded. The purchase of shares in excess of the amount available under the stock purchase program was separately approved by the board of directors

Certain Relationships with the Sponsors

We are 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 arrangements 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 March 31, 2015 and 2014, we recognized management fees and reimbursable expenses of $3.9 million and $4.0 million, respectively.

CCOH Dividend

In connection with the cash management arrangements for CCOH, we maintain an intercompany revolving promissory note payable by us to CCOH (the “Note”), which consists of the net activities resulting from day-to-day cash management services provided by us to CCOH. As of March 31, 2015, the balance of the Note was 886.3 million, all of which is payable on demand. The Note is eliminated in consolidation in our consolidated financial statements.

The Note previously was the subject of litigation. Pursuant to the terms of the settlement of that litigation, CCOH’s board of directors established a committee for the specific purpose of monitoring the Note. That committee has the non-exclusive authority, pursuant to the terms of its charter, to demand payments under the Note under certain specified circumstances tied to the Company’s liquidity or the amount outstanding under the Note as long as CCOH makes a simultaneous dividend equal to the amount so demanded.

Commitments, Contingencies and Guarantees

We are currently involved in certain legal proceedings arising in the ordinary course of business and, as required, have accrued our estimate of the probable costs for resolution of those claims for which the occurrence of loss is probable and the amount can be reasonably estimated. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings. Please refer to “Legal Proceedings” in Item 1, Part II of this Quarterly Report on Form 10-Q.

Seasonality

Typically, the iHM, Americas outdoor and International outdoor segments experience their lowest financial performance in the first quarter of the calendar year, with International outdoor historically experiencing a loss from operations in that period. Our International outdoor segment typically experiences its strongest performance in the second and fourth quarters of the calendar year. We expect this trend to continue in the future. Due to this seasonality and certain other factors, the results for the interim periods may not be indicative of results for the full year.

Market Risk

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

Interest Rate Risk

A significant amount of our long-term debt bears interest at variable rates. Accordingly, our earnings will be affected by changes in interest rates. At March 31, 2015, approximately 31% of our aggregate principal amount of long-term debt bears interest at floating rates. Assuming the current level of borrowings and assuming a 100% change in LIBOR, it is estimated that our interest expense for the three months ended March 31, 2015 would have changed by $2.8 million.

In the event of an adverse change in interest rates, management may take actions to mitigate our exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, the preceding interest rate sensitivity analysis assumes no such actions. Further, the analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment.

Foreign Currency Exchange Rate Risk

We have operations in countries throughout the world. Foreign operations are measured in their local currencies. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. We believe we mitigate a small portion of our exposure to foreign currency fluctuations with a natural hedge through borrowings in currencies other than the U.S. dollar. Our foreign operations reported net income of $2.4 million for the three months ended March 31, 2015. We estimate a 10% increase in the value of the U.S. dollar relative to foreign currencies would have increased our net loss for the three months ended March 31, 2015 by $0.2 million. A 10% decrease in the value of the U.S. dollar relative to foreign currencies during the three months ended March 31, 2015 would have decreased our net loss by a corresponding amount.

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

Inflation

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

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

A wide range of factors could materially affect future developments and performance, including but not limited to:

- the impact of our substantial indebtedness, including the effect of our leverage on our financial position and earnings;
- our ability to generate sufficient cash from operations or other liquidity-generating transactions and our need to allocate significant amounts of our cash to make payments on our indebtedness, which in turn could reduce our financial flexibility and ability to fund other activities;
- risks associated with weak or uncertain global economic conditions and their impact on the capital markets;
- other general economic and political conditions in the United States and in other countries in which we currently do business, including those resulting from recessions, political events and acts or threats of terrorism or military conflicts;
- industry conditions, including competition;
- the level of expenditures on advertising;
- legislative or regulatory requirements;
- fluctuations in operating costs;
- technological changes and innovations;
- changes in labor conditions, including on-air talent, program hosts and management;
- capital expenditure requirements;
- risks of doing business in foreign countries;
- fluctuations in exchange rates and currency values;
- the outcome of pending and future litigation;
- taxes and tax disputes;
- changes in interest rates;
- shifts in population and other demographics;
- access to capital markets and borrowed indebtedness;
- our ability to implement our business strategies;

- the risk that we may not be able to integrate the operations of acquired businesses successfully;
- the risk that our strategic revenue and efficiency initiatives may not be entirely successful or that any cost savings achieved from such strategic revenue and efficiency initiatives may not persist; and
- certain other factors set forth in our other filings with the Securities and Exchange Commission.

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

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Required information is presented under "Market Risk" within Item 2 of this Part I.

ITEM 4. Controls and Procedures

As required by Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we have carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in reports that are filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified by the SEC. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2015 at the reasonable assurance level.

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

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

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 OUTFRONT Media Inc. (formerly CBS Outdoor Americas Inc.) 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 and pursuant to which Clear Channel Outdoor, Inc. had taken down existing billboards and converted 83 existing signs from static displays to digital displays. In 2009 the Los Angeles Superior Court ruled that the settlement agreement constituted an ultra vires act of the City, and nullified its existence. After further proceedings, on April 12, 2013 the Los Angeles Superior Court invalidated 82 digital modernization permits issued to Clear Channel Outdoor, Inc. (77 of which displays were operating at the time of the ruling), and Clear Channel Outdoor, Inc. was required to turn off the electrical power to all affected digital displays on April 15, 2013. The digital display structures remain intact but digital displays are currently prohibited in the City. Clear Channel Outdoor, Inc. is seeking permits under the existing City sign code to either wrap the LED faces with vinyl or convert the LED faces to traditional static signs, and has obtained a number of such permits. Clear Channel Outdoor, Inc. is also pursuing a new ordinance to permit digital signage in the City.

International Outdoor Investigation

On April 21, 2015, inspections were conducted at the premises of Clear Channel in Denmark and Sweden as part of an investigation by Danish competition authorities. Additionally, on the same day Clear Channel UK received a

communication from the UK competition authorities, also in connection with the investigation by Danish competition authorities. Clear Channel and its affiliates are cooperating with the national competition authorities.

ITEM 1A. RISK FACTORS

For information regarding our risk factors, please refer to Item 1A in our Annual Report on Form 10-K for the year ended December 31, 2014. There have not been any material changes in the risk factors disclosed in the Form 10-K.

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

Intentionally omitted in accordance with General Instruction H(2)(b) of Form 10-Q.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Intentionally omitted in accordance with General Instruction H(2)(b) of Form 10-Q.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
4.1	Indenture, dated as of February 26, 2015, among iHeartCommunications, Inc., iHeartMedia Capital I, LLC, as guarantor, the other guarantors party thereto, U.S. Bank National Association, as trustee, paying agent, registrar, authentication agent and transfer agent, and Deutsche Bank Trust Company Americas, as collateral agent (incorporated by reference to Exhibit 4.1 to iHeartCommunications, Inc.'s Current Report on Form 8-K filed on February 26, 2015).
4.2	Form of 10.625% Priority Guarantee Notes due 2023 (incorporated by reference to Exhibit 4.1 to iHeartCommunications, Inc.'s Current Report on Form 8-K filed on February 26, 2015).
4.3	Exchange and Registration Rights Agreement, dated as of February 26, 2015, by and among iHeartCommunications, Inc., iHeartMedia Capital I, LLC, as guarantor, certain subsidiary guarantors named therein and Goldman, Sachs & Co. (incorporated by reference to Exhibit 4.3 to iHeartCommunications, Inc.'s Current Report on Form 8-K filed on February 26, 2015).
10.1	Amendment No. 1 to Employment Agreement, effective as of March 2, 2015, between C. William Eccleshare and Clear Channel Outdoor Holdings, Inc. (incorporated by reference to Exhibit 10.1 to the Clear Channel Outdoor Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2015).
10.2	Employment Agreement, effective as of March 3, 2015, between Scott Wells and Clear Channel Outdoor Holdings, Inc. (incorporated by reference to Exhibit 10.2 to the Clear Channel Outdoor Holdings, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2015).
31.1*	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to

	Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Interactive Data Files.

* Filed herewith.
** Furnished herewith.

Signatures

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

IHEARTCOMMUNICATIONS, INC.

April 30, 2015

/s/ SCOTT D. HAMILTON

Scott D. Hamilton

Senior Vice President, Chief Accounting Officer and Assistant Secretary

32