**FORM 10-Q**

**SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**QUARTERLY REPORT UNDER SECTION 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter ended March 31, 2001 Commission file number 1-9645

**CLEAR CHANNEL COMMUNICATIONS, INC.**

(Exact name of registrant as specified in its charter)

| **Texas** | **74-1787539** |
|---|---|
| (State of Incorporation) | (I.R.S. Employer Identification No.) |

**200 East Basse Road
San Antonio, Texas 78209
(210) 822-2828**

(Address and telephone number
of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __x__ No _____

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

| Class | Outstanding at May 11, 2001 |
|---|---|
| Common Stock, $.10 par value | 587,509,600 |

## CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES

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## PART I

### Item 1. UNAUDITED FINANCIAL STATEMENTS

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**ASSETS**
**(In thousands)**

| | March 31, 2001 (Unaudited) | December 31, 2000 (Audited) |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | $ 198,145 | $ 196,838 |
| Restricted cash | — | 308,691 |
| Accounts receivable, less allowance of $52,943 at March 31, 2001 and $60,631 at December 31, 2000 | 1,351,147 | 1,557,048 |
| Income tax receivable | 14,140 | — |
| Prepaid expenses | 196,576 | 146,767 |
| Other current assets | 142,735 | 133,873 |
| Total Current Assets | 1,902,743 | 2,343,217 |
| **Property, Plant and Equipment** | | |
| Land, buildings and improvements | 1,207,996 | 1,197,951 |
| Structures and site leases | 2,278,838 | 2,395,934 |
| Transmitter and studio equipment | 743,719 | 744,571 |
| Furniture and other equipment | 478,414 | 479,532 |
| Construction in progress | 264,585 | 222,286 |
| | 4,973,552 | 5,040,274 |
| Less accumulated depreciation | (896,513) | (785,040) |
| | 4,077,039 | 4,255,234 |
| **Intangible Assets** | | |
| Contracts | 1,051,017 | 1,075,472 |
| Licenses and goodwill | 41,677,906 | 40,973,198 |
| Other intangible assets | 125,027 | 175,451 |
| | 42,853,950 | 42,224,121 |
| Less accumulated amortization | (2,172,560) | (1,731,557) |
| | 40,681,390 | 40,492,564 |
| **Other Assets** | | |
| Restricted cash | 47,381 | 319,450 |
| Notes receivable | 105,327 | 99,818 |
| Investments in, and advances to, nonconsolidated affiliates | 419,522 | 427,303 |
| Other assets | 552,536 | 513,773 |
| Other investments | 1,030,664 | 1,605,102 |
| **Total Assets** | $48,816,602 | $50,056,461 |

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**
**LIABILITIES AND SHAREHOLDERS' EQUITY**
**(In thousands)**

| | March 31, 2001 (Unaudited) | December 31, 2000 (Audited) |
|---|---|---|
| **Current Liabilities** | | |
| Accounts payable | $ 313,914 | $ 383,588 |
| Accrued interest | 148,964 | 105,581 |
| Accrued expenses | 840,396 | 884,941 |
| Accrued income taxes | — | 445,499 |
| Current portion of long-term debt | 64,360 | 69,699 |
| Deferred income | 325,018 | 218,670 |
| Other current liabilities | 18,571 | 20,572 |
| Total Current Liabilities | 1,711,223 | 2,128,550 |
| | | |
| Long-term debt | 10,254,789 | 10,610,452 |
| Deferred income taxes | 6,700,481 | 6,771,198 |
| Other long-term liabilities | 188,463 | 137,343 |
| | | |
| Minority interest | 60,830 | 61,745 |
| | | |
| **Shareholders' Equity** | | |
| Common stock | 58,723 | 58,577 |
| Additional paid-in capital | 29,613,878 | 29,558,908 |
| Common stock warrants | 249,312 | 249,312 |
| Retained earnings | 235,712 | 544,940 |
| Accumulated other comprehensive income | (229,796) | (32,433) |
| Other | (20,856) | (26,298) |
| Cost of shares held in treasury | (6,157) | (5,833) |
| Total shareholders' equity | 29,900,816 | 30,347,173 |
| **Total Liabilities and Shareholders' Equity** | $48,816,602 | $50,056,461 |

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(UNAUDITED)**
**(In thousands, except per share data)**

| | Three Months Ended March 31, 2001 | Three Months Ended March 31, 2000 |
|---|---|---|
| Gross revenue | $1,761,019 | $ 871,375 |
| Less: agency commissions | 132,656 | 88,836 |
| Net revenue | 1,628,363 | 782,539 |
| | | |
| Operating expenses | 1,179,068 | 519,961 |
| Non-cash compensation expense | 3,894 | — |
| Depreciation and amortization | 613,751 | 220,054 |
| Corporate expenses | 45,071 | 24,578 |
| Operating income (loss) | (213,421) | 17,946 |
| | | |
| Interest expense | 156,400 | 55,549 |
| Loss on sale of assets related to mergers | 6,390 | — |
| Gain on marketable securities | 18,456 | — |
| Equity in earnings of nonconsolidated affiliates | 563 | 2,936 |
| Other income (expense) - net | (7,633) | 398 |
| Loss before income taxes | (364,825) | (34,269) |
| Income tax (expense) benefit | 55,597 | (5,133) |
| Net loss | (309,228) | (39,402) |
| | | |
| Other comprehensive income (loss), net of tax: | | |
| Foreign currency translation adjustments | (43,354) | (12,505) |
| Unrealized gain (loss) on securities: | | |
| Unrealized holding gain (loss) arising during period | (150,661) | 100,176 |
| Less: reclassification adjustment for (gains) losses on securities transferred to trading | (45,315) | — |
| Less: reclassification adjustment for (gains) losses included in net loss | 41,967 | — |
| Comprehensive income (loss) | $ (506,591) | $ 48,269 |
| | | |
| Net loss per common share: | | |
| Basic | $ (.53) | $ (.12) |
| Diluted | $ (.53) | $ (.12) |

See Notes to Consolidated Financial Statements

**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS(UNAUDITED)**
**(In thousands)**

| | Three Months Ended | |
|---|---|---|
| | March 31, 2001 | March 31, 2000 |
| **Cash flows from operating activities:** | | |
| Net loss | $ (309,228) | $ (39,402) |
| **Reconciling items:** | | |
| Depreciation and amortization | 613,751 | 220,054 |
| Deferred taxes | 8,127 | 8,247 |
| (Recognition) deferral of deferred income | 97,355 | 11,993 |
| (Gain) loss on disposal of assets | 5,411 | (1,616) |
| (Gain) loss on investments | 52,133 | — |
| (Gain) loss on sale of assets related to mergers | 6,390 | — |
| (Gain) loss on forward exchange contract and related securities | (70,589) | — |
| Increase (decrease) other, net | 281 | 3,187 |
| Changes in operating assets and liabilities, net of effects of acquisitions | (427,440) | (27,206) |
| Net cash (used in) provided by operating activities | (23,809) | 175,257 |
| **Cash flows from investing activities:** | | |
| Liquidation of restricted cash, net | 544,034 | 4,213 |
| Decrease (increase) in notes receivable - net | (5,509) | — |
| Decrease (increase) in investments in and advances to nonconsolidated affiliates - net | 10,436 | (1,841) |
| Purchases of investments | (519) | (20,541) |
| Proceeds from sale of investments | 275,634 | — |
| Purchases of property, plant and equipment | (125,243) | (80,363) |
| Proceeds from disposal of assets | 7,386 | 1,926 |
| Proceeds from divestitures placed in restricted cash | 41,000 | — |
| Acquisition of operating assets | (94,104) | (440,610) |
| Acquisition of radio broadcasting assets with restricted cash | (317,343) | — |
| Decrease (increase) in other-net | (17,468) | (14,247) |
| Net cash provided by (used in) investing activities | 318,304 | (551,463) |
| **Cash flows from financing activities:** | | |
| Draws on credit facilities | 858,690 | 1,304,005 |
| Payments on credit facilities | (1,270,253) | (119,507) |
| Payments on long-term debt | (2,109) | (570,172) |
| Proceeds from forward exchange contract | 84,189 | — |
| Proceeds from exercise of stock options, stock purchase plan and common stock warrants | 36,295 | 5,285 |
| Net cash (used in) provided by financing activities | (293,188) | 619,611 |
| Net increase (decrease) in cash and cash equivalents | 1,307 | 243,405 |
| Cash and cash equivalents at beginning of period | 196,838 | 76,724 |
| Cash and cash equivalents at end of period | $ 198,145 | $ 320,129 |

See Notes to Consolidated Financial Statements

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

Note 1: PREPARATION OF INTERIM FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by Clear Channel Communications, Inc. (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of management, include all adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for the full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2000 Annual Report on Form 10-K.

The consolidated financial statements include the accounts of the Company and its subsidiaries, the majority of which are wholly-owned. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions are eliminated in the consolidation process. Certain reclassifications have been made to the 2000 consolidated financial statements to conform to the 2001 presentation.

Note 2: RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2001, the Company adopted Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities* ("Statement 133"), as amended. Statement 133 requires that all derivative instruments be reported on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. Statement 133 requires the transition adjustment resulting from adopting these Statements to be reported in net income or accumulated other comprehensive income, as appropriate, as the cumulative effect of a change in accounting principle. Upon adoption, the Company recorded the fair value of its derivative instruments on its balance sheet. Adoption of Statement 133 had no impact on the Company's results of operations. Also upon adoption, the Company reclassified 2.0 million shares of its investment in American Tower Corporation ("AMT") that had been classified as available-for-sale securities to trading securities under Financial Accounting Standards No. 115 *Accounting for Certain Investments in Debt and Equity Securities* ("Statement 115"). In accordance with Statement 115 and Statement 133, the shares were transferred to a trading classification at their fair market value on January 1, 2001, of $76.2 million, and an unrealized pretax holding gain of $69.7 million was recognized in earnings and classified as part of "Gain on marketable securities" on the Consolidated Statement of Operations.

Note 3: ACQUISITIONS

Restructuring

Due to the Company's mergers with SFX Entertainment, Inc. ("SFX") and AMFM Inc. ("AMFM"), the Company formalized a plan to restructure the SFX and AMFM operations. The Company communicated to all affected employees the last date of their employment. The AMFM corporate offices in Dallas and Austin, Texas were closed on March 31, 2001 and a portion of the SFX corporate office in New York will be closed by June 30, 2001. Other operations of AMFM have or will be either discontinued or integrated into existing similar operations. As of March 31, 2001, the restructuring has resulted in the actual termination of 441 employees and the pending termination of approximately 50 more employees. It is expected that the majority of the restructuring will be completed by June 30, 2001. The Company has recorded a liability in purchase accounting primarily related to severance for terminated employees and lease terminations as follows:

*(In thousands)*

| | March 31, 2001 | December 31, 2000 |
|---|---|---|
| Severance costs: | | |
| Severance accrual at January 1 | $ 110,265 | $ 1,882 |
| Estimated costs charged to restructuring accrual in purchase accounting | — | 147,525 |
| Adjustments to purchase accounting | — | (1,735) |
| Payments charged against restructuring accrual | (24,365) | (37,407) |
| Remaining severance accrual | $ 85,900 | $ 110,265 |
| | | |
| Lease termination and other restructuring costs: | | |
| Lease accrual at January 1 | $ 43,026 | $ 2,466 |
| Estimated costs charged to restructuring accrual in purchase accounting | — | 46,473 |
| Adjustments to purchase accounting | — | (2,466) |
| Payments charged against restructuring accrual | (1,340) | (3,447) |
| Remaining lease and other restructuring cost accrual | $ 41,686 | $ 43,026 |

Pro Forma

The results of operations for the three-month period ending March 31, 2001 include the operations of SFX, AMFM and Donrey Media Group ("Donrey"). The Company completed its mergers with SFX and AMFM in August 2000 and acquired Donrey in September 2000. Assuming the mergers with SFX and AMFM and the acquisition of Donrey had all occurred at January 1, 2000, unaudited pro forma consolidated results of operations for the three months ended March 31, 2000 would have been as follows:

*(In thousands, except per share data)*

| | |
|---|---|
| Net revenue | $1,634,862 |
| Net loss | $ (832,822) |
| Net loss per share basic and diluted | $ (1.46) |

The pro forma information above is presented in response to applicable accounting rules relating to business acquisitions and is not necessarily indicative of the actual results that would have been achieved had the mergers/acquisitions of SFX, AMFM and Donrey occurred at the beginning of 2000, nor is it indicative of future results of operations. The Company had other acquisitions during 2000 and the first quarter of 2001, the effects of which, individually and in aggregate, were not material to the Company's consolidated financial position or results of operations.

The purchase price allocations of SFX, AMFM and Donrey are preliminary pending completion of appraisals and other fair value analysis of assets and liabilities.

Note 4: ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Statement 133 requires that all derivatives be recognized as either assets or liabilities at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in fair value will either be offset against the change in fair value of the hedged assets or liabilities through earnings, or recognized in accumulated other comprehensive income until the hedged item is recognized in earnings.

In accordance with the Company's risk management policies, it formally documents its hedging relationships, including identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the hedge transaction. The Company formally assesses, both at inception and at least quarterly thereafter, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. If a derivative ceases to be a highly effective hedge, the Company discontinues hedge accounting. The Company does not enter into derivative instruments for speculation or trading purposes.

Interest Rate Risk Management

The Company's policy is to manage interest expense using a mix of fixed and variable rate debt. To manage this mix in a cost-efficient manner, the Company enters into interest rate swap agreements in which the Company agrees to exchange, at specified variables, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps, designated as fair value hedges, hedge underlying fixed-rate debt obligations with a principal amount of $1.5 billion. The terms of the underlying debt and the interest rate swap agreements coincide; therefore the hedge qualifies for the short-cut method defined in Statement 133. Accordingly, no net gains or losses were recorded in income related to the Company's underlying debt and interest rate swap agreements. In accordance with Statement 133, on January 1, 2001, the Company recorded an asset (reported in "Other long-term assets" on the Consolidated Balance Sheet) of $49.0 million to reflect the fair value of the interest rate swap agreements and increased the carrying value of the underlying debt by an equal amount. On March 31, 2001, the fair value of the interest rate swap agreements was approximately $84.8 million. Accordingly, an adjustment was made to the asset and carrying value of the underlying debt on March 31, 2001 to reflect the increase in fair value.

Secured Forward Exchange Contract

On January 31, 2001, Clear Channel Investments, Inc., a wholly-owned subsidiary of the Company, entered into a ten-year forward sale contract that monetized 2.6 million shares of the Company's investment in American Tower Corporation, ("AMT"). The secured forward exchange contract protects the Company against decreases in the fair value of AMT stock while providing participation in increases in the fair value of the stock. During the term of the secured forward exchange contract, the Company retains ownership of the AMT shares. The Company's obligation under the secured forward exchange contract is collateralized by a security interest in the AMT shares.

Under Statement 133, the contract is considered a long-term obligation with an embedded derivative instrument. By entering the contract, the Company received $84.2 million in net proceeds, which was recorded as a liability and classified on the Consolidated Balance Sheet in "Other long-term liabilities". On March 31, 2001, the fair market value of the contract was $44.4 million. Under Statement 133, the liability was adjusted to reflect its fair market value with the offset recorded in earnings. On March 31, 2001, the fair market value of the 2.0 million shares of AMT that had been reclassified as a trading security was $37.2 million and, in accordance with Statement 115, the change in the fair market value of these shares has been recorded in earnings. Both the gains and losses resulting from the change in the fair market value of the secured forward exchange contract and the AMT shares were classified as "Gain on marketable securities" on the Company's Consolidated Statement of Operations. This amount was partially offset by a net loss of $52.1 million related to the impairment of various investments.

Foreign Currency Rate Management

As a result of the Company's foreign operations, the Company is exposed to foreign currency exchange risks related to its net assets in foreign countries. To manage this risk, the Company enters into foreign denominated debt to hedge a portion of the movements in currency exchange rates. The Company's major foreign currency exposure involves markets operating in Euros and the British pound. The primary purpose of the Company's foreign currency hedging activities is to offset the translation gain or losses associated with the Company's net investments denominated in foreign currencies. Since the debt is denominated in the same currency of the foreign denominated net investment, the hedge will offset a portion of the translation changes in the corresponding net investment. Since an assessment of this hedge revealed no ineffectiveness, all of the translation gains and losses associated with this debt are reflected as a translation adjustment within accumulated other comprehensive income within shareholders' equity. As of March 31, 2001, cumulative translation losses of $181.5 million have been reported as a part of accumulated other comprehensive income within shareholders' equity.

Note 5: SEGMENT DATA

The Company has three reportable operating segments, which best reflects how the Company is currently managed – radio broadcasting, outdoor advertising and live entertainment. Revenue and expenses earned and charged between segments are recorded at fair value.

*(In thousands)*

| | March 31, | |
|---|---|---|
| | 2001 | 2000 |
| Net revenue | | |
| Radio Broadcasting | $ 757,991 | $ 395,453 |
| Outdoor Advertising | 399,256 | 355,771 |
| Live Entertainment | 401,080 | — |
| Other | 101,504 | 45,865 |
| Eliminations | (31,468) | (14,550) |
| Consolidated | $ 1,628,363 | $ 782,539 |
| Operating expenses | | |
| Radio Broadcasting | $ 464,349 | $ 262,754 |
| Outdoor Advertising | 282,811 | 242,657 |
| Live Entertainment | 384,304 | — |
| Other | 79,072 | 29,100 |
| Eliminations | (31,468) | (14,550) |
| Consolidated | $ 1,179,068 | $ 519,961 |
| Depreciation and Amortization | | |
| Radio Broadcasting | $ 379,887 | $ 114,377 |
| Outdoor Advertising | 146,584 | 97,310 |
| Live Entertainment | 70,600 | — |
| Other | 16,680 | 8,367 |
| Consolidated | $ 613,751 | $ 220,054 |
| Operating income (loss) | | |
| Radio Broadcasting | $ (86,245) | $ 19,137 |
| Outdoor Advertising | (40,753) | 4,404 |
| Live Entertainment | (63,280) | — |
| Other | (23,143) | (5,595) |
| Consolidated | $ (213,421) | $ 17,946 |
| Total identifiable assets | | |
| Radio Broadcasting | $34,026,500 | $ 9,536,821 |
| Outdoor Advertising | 7,560,415 | 6,349,697 |
| Live Entertainment | 5,398,860 | — |
| Other | 1,830,827 | 1,636,113 |
| Consolidated | $48,816,602 | $17,522,631 |

Net revenue of $258.8 million and $172.9 million and identifiable assets of $2.6 billion and $2.2 billion were derived from the Company's foreign operations and are included in the March 31, 2001 and 2000 data above, respectively.

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

## RESULTS OF OPERATIONS

We evaluate the operating performance of our businesses using several measures, one of them being EBITDA (defined as net revenue less operating and corporate expenses). EBITDA eliminates the uneven effect across our business segments, as well as in comparison to other companies, of considerable amounts of non-cash depreciation and amortization recognized in business combinations accounted for under the purchase method. Historically, we have accounted for all mergers and acquisitions under the purchase method. Non-cash depreciation and amortization is significant due to the consolidation in our industry. While we and many in the financial community consider EBITDA to be an important measure of operating performance, it should be considered in addition to, but not as a substitute for or superior to, other measures of financial performance prepared in accordance with generally accepted accounting principles such as operating income and net income.

We measure the performance of our operating segments and managers based on a like period pro forma measurement. Like period pro forma includes adjustments to the prior period for all acquisitions. For each acquisition, adjustments are made to the prior period to include the operating results of the acquisition for the corresponding period of time that the acquisition was owned in the current period. In addition, results of operations from divested assets are excluded from all periods presented. We believe that like period pro forma is the best measure of our operating performance as it includes the performance of assets for the period of time we managed the assets.

Like period pro forma is compared in constant U.S. dollars (i.e. a currency exchange adjustment is made to the current period actual results to present foreign revenues and expenses in prior period dollars) allowing for comparison of operations independent of foreign exchange movements. We also include our proportionate share of the results of operations of actively managed equity investments in the like period pro forma. These investments include Australian Radio Network, New Zealand Radio Network, Grupo ACIR, and White Horse Media and other less significant investments.

The following tables set forth our consolidated and segment results of operations on both a reported and a like period pro forma basis.

Comparison of Three Months Ended March 31, 2001 to Three Months Ended March 31, 2000.

**Consolidated**
*(In thousands)*

| *Reported Basis:* | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2001 | 2000 | % Change |
| Net Revenue | $1,628,363 | $782,539 | 108% |
| Operating Expenses | 1,179,068 | 519,961 | 127% |
| Corporate Expenses | 45,071 | 24,578 | 83% |
| EBITDA | $ 404,224 | $238,000 | 70% |

| *Pro Forma Basis:* | Three Months Ended March 31, | | |
|---|---|---|---|
| | 2001 | 2000 | % Change |
| Net Revenue | $1,656,646 | $1,807,203 | (8%) |
| Operating Expenses | 1,199,622 | 1,286,290 | (7%) |
| Corporate Expenses | 45,534 | 53,790 | (15%) |
| EBITDA | $ 411,490 | $ 467,123 | (12%) |

On a reported basis, net revenue and operating expenses increased primarily due to our 2000 acquisitions. Included in our first quarter 2001 reported basis amounts are the net revenues and operating expenses for our 2000 acquisitions, the most significant being SFX acquired on August 1, 2000, AMFM acquired on August 30, 2000, and Donrey acquired on September 1, 2000. Corporate expenses increased on a reported basis also due to the above acquisitions.

On a pro forma basis, net revenue decreased in the first quarter of 2001 due to an overall softening of the advertising industry, especially as compared to the strong advertising environment during the first quarter of 2000. During the first quarter of 2000, advertising rates were higher in our radio and outdoor businesses related to the increased inventory demand within the advertising industry associated with the rapid growth of the Internet industry. Operating expenses decreased on a pro forma basis during the first quarter of 2001 primarily related to the decline in revenue. Also, corporate expenses declined on a pro forma basis primarily related to savings associated to our recent mergers and other cost saving measures.

Other Income and Expense Information

Non-cash compensation expense of $3.9 million was recorded during the first quarter of 2001 primarily due to assumed unvested stock options granted to AMFM employees that are now convertible into Clear Channel stock. To the extent that these employees' options continue to vest, we recognize non-cash compensation expense over the remaining vesting period. Vesting dates range from January 2001 to April 2005. If no employees forfeit their unvested options by leaving the company, we expect to recognize non-cash compensation expense of approximately $23.0 million during the remaining vesting period.

Depreciation and amortization expense increased from $220.1 million in the first quarter of 2000 to $613.8 million in the first quarter of 2001, a 179% increase. The increase is due primarily to additional amortization of FCC licenses and goodwill associated with the AMFM acquisition and amortization of goodwill and other intangibles associated with the SFX acquisition.

Interest expense was $156.4 million and $55.5 million in the first quarter of 2001 and 2000, respectively, an increase of $100.9 million or 182%. The increase was due to the overall increase in average amounts of debt outstanding and the higher coupons on fixed rate issuances during 2000. This increase was partially offset by the decrease in LIBOR rates. Currently, approximately 47% of our debt is variable-rate debt that bears interest based upon LIBOR. LIBOR rates decreased from 6.13% at March 31, 2000 to 5.08% at March 31, 2001.

The loss on sale of assets related to mergers of $6.4 million is primarily due to a loss of $27.7 million related to the sale of 6.5 million shares of Lamar Advertising Company that we acquired in the AMFM merger, and a net loss of $11.6 million related to write-downs of investments acquired in mergers. This loss was partially offset by a gain of $32.9 million realized on the sale of five stations in connection with governmental directives regarding the AMFM merger.

The gain on marketable securities is primarily related to the reclassification of 2.0 million shares of American Tower Corporation to a trading security under Financial Accounting Standards No. 115 *Accounting for Certain Investments in Debt and Equity Securities* and Financial Accounting Standards No. *133 Accounting for Derivative Instruments and Hedging Activities*. The shares were transferred to a trading classification at their fair market value of $76.2 million and an unrealized pretax holding gain of $69.7 million was recognized. On January 31, 2001, we entered into a secured forward exchange contract that monetized part of our investment in American Tower Corporation. The fair value adjustment of the AMT trading shares and the secured forward exchange contract netted a gain of $4.3 million during the first quarter of 2001. In addition, a net loss of $52.1 million was recognized related to impairments of investments that were determined to be more than temporary declines in their market values.

Equity in earnings of nonconsolidated affiliates for the first quarter of 2001 was $.6 million as compared to $2.9 million for the same period of 2000. The decrease was due to declining operating results primarily in our radio broadcasting equity investments.

Other income (expense) net was an expense of $7.6 million in the first quarter of 2001 as compared to income of $.4 million in the same period of 2000. The additional expense recognized in 2001 related primarily to the reimbursements of capital costs within certain operating contracts as well as software development costs and other miscellaneous expenses.

An income tax benefit of $55.6 million was recorded in the first quarter of 2001, as compared to an income tax expense of $5.1 million recorded in the same period of 2000. The income tax benefit resulted from a greater net loss in the first quarter of 2001, as compared to the first quarter of 2000. Each period's effective tax rate was adversely affected by amortization of intangibles in excess of amounts that are deductible for tax purposes.

**Radio Broadcasting**

*(In thousands)*

| | As Reported Three Months Ended March 31, | | % Change | % Change |
|---|---|---|---|---|
| | 2001 | 2000 | As Reported | Pro Forma |
| Net Revenue | $757,991 | $395,453 | 92% | (8%) |
| Operating Expenses | 464,349 | 262,754 | 77% | (9%) |
| EBITDA | $293,642 | $132,699 | 121% | (7%) |

Net revenues and operating expenses increased on a reported basis due to our acquisitions completed during 2000. Included in our first quarter 2001 reported amounts are net revenues and operating expenses from our acquisition of AMFM in August 2000.

On a pro forma basis, net revenue decreased due to high inventory demands experienced during the first quarter of 2000 primarily related to the rapid growth of the Internet industry as well as an overall increase in advertising demand, resulting in advertising rates that were higher than the first quarter of 2001. On a pro forma basis, operating expenses decreased incrementally with the decrease in net revenue and various cost control measures.

**Outdoor Advertising**

*(In thousands)*

| | As Reported Three Months Ended March 31, | | % Change | % Change |
|---|---|---|---|---|
| | 2001 | 2000 | As Reported | Pro Forma |
| Net Revenue | $399,256 | $355,771 | 12% | 0% |
| Operating Expenses | 282,811 | 242,657 | 17% | 4% |
| EBITDA | $116,445 | $113,114 | 3% | (9%) |

Net revenues and operating expenses increased on a reported basis due to our acquisitions completed during 2000. Included in the first quarter of 2001 reported basis amounts are net revenues and operating expenses from our acquisition of Donrey in September 2000, as well as less significant acquisitions.

On a pro forma basis, due to difficult comparisons to the prior year period, net revenues were relatively flat in the first quarter of 2001 as compared to the first quarter of 2000. Pro forma operating expenses increased primarily due to increased expenses associated with investments and expansion of operations of recently acquired assets. We believe these investments will yield positive returns in the future.

**Live Entertainment**
*(In thousands)*

| | As Reported Three Months Ended March 31, | | % Change | % Change |
|---|---|---|---|---|
| | 2001 | 2000 | As Reported | Pro Forma |
| Net Revenue | $401,080 | $ — | n/a | (13%) |
| Operating Expenses | 384,304 | — | n/a | (9%) |
| EBITDA | $ 16,776 | $ — | n/a | (54%) |

We entered the live entertainment business with our acquisition of SFX in August 2000. On a pro forma basis, net revenue decreased due to the difference in the timing of live event dates during the first quarter of 2001 as compared to the same period in 2000. Operating expenses decreased on a pro forma basis due to the decrease in revenue and the timing of expenses. We currently anticipate that the entertainment operations will report pro forma operating cash flow growth during the second quarter and the full year of 2001.

## LIQUIDITY AND CAPITAL RESOURCES

We expect to fund anticipated cash requirements (including acquisitions, anticipated capital expenditures, share repurchases, payments of principal and interest on outstanding indebtedness and commitments) with cash flows from operations and various externally generated funds.

SOURCES OF CAPITAL

As of March 31, 2001 and December 31, 2000 we had the following debt outstanding:

*(In millions)*

| | March 31, 2001 | | December 31, 2000 |
|---|---|---|---|
| Credit facilities – domestic | $ 2,776.7 | | $ 3,203.8 |
| Credit facility – international | 121.1 | | 118.3 |
| Senior convertible notes | 1,575.0 | | 1,575.0 |
| Liquid Yield Option Notes | 498.6 | (a) | 497.1 |
| Long-term bonds | 5,191.8 | (b) | 5,153.6 |
| Other borrowings | 155.9 | | 132.4 |
| Total | $ 10,319.1 | (c) | $ 10,680.2 |

(a) Includes $161.8 million in unamortized fair value purchase accounting adjustment related to the merger with Jacor Communications, Inc.
(b) Includes $72.9 million in unamortized fair value purchase accounting adjustments related to the mergers with Jacor and AMFM. Also includes $84.8 million related to fair value adjustments for interest rate swap agreements.
(c) Total face value of outstanding debt was $10.0 billion at March 31, 2001.

We had $198.1 million in unrestricted cash and cash equivalents on hand at March 31, 2001.

**Domestic Credit Facilities**

We currently have three separate domestic credit facilities. These provide cash for both working capital needs as well as to fund certain acquisitions.

The first credit facility is a $1.9 billion revolving credit facility. At March 31, 2001, $1.5 billion was outstanding and, taking into account outstanding letters of credit, $311.9 million was available for future borrowings. This credit facility began reducing on September 30, 2000, with quarterly repayment of the outstanding principal balance to continue over the next five years and the entire balance to be repaid by the last business day of June 2005.

The second facility is a $1.5 billion, 364-day revolving credit facility, which we have the option upon maturity to convert into a term loan with a five-year maturity. There was no amount outstanding at March 31, 2001 and $1.5 billion was available for future borrowings.

The third facility is a $1.5 billion, five-year multi-currency revolving credit facility. At March 31, 2001, the outstanding balance was $1.3 billion and, taking into account letters of credit, $.2 billion was available for future borrowings.

During the first quarter of 2001, we made principal payments totaling $1.3 billion and drew down $.9 billion on these credit facilities. As of May 11, 2001, the credit facilities aggregate outstanding balance was $3.0 billion and, taking into account outstanding letters of credit, $1.7 billion was available for future borrowings.

**International Credit Facility**

We have a $150.0 million five-year revolving credit facility with a group of international banks. This facility allows for borrowings in various foreign currencies, which are used to hedge net assets in those currencies and provides funds to our international operations for certain working capital needs and smaller acquisitions. At March 31, 2001, approximately $28.9 million was available for future borrowings and $121.1 million was outstanding. This credit facility expires on December 8, 2005.

**Liquid Yield Option Notes**

We assumed 4.75% Liquid Yield Option Notes ("LYONs") due 2018 and 5.50% LYONs due 2011 as a part of the merger with Jacor. At the date of acquisition, the assumed fair value of the LYONs was $490.1 million. Each LYON has a principal amount at maturity of $1,000 and is convertible, at the option of the holder, at any time on or prior to maturity, into our common stock at a conversion rate of 7.227 shares per LYON and 15.522 shares per LYON for the 2018 and 2011 issues, respectively. The LYONs aggregated balance, net of conversions to common stock, amortization of purchase accounting premium, and accretion of interest, at March 31, 2001 was $498.6 million.

On May 7, 2001, we delivered notice of our intent to redeem the total outstanding principal amount of the 5.50% LYONs on June 12, 2001. Pursuant to the indenture agreement, the redemption price of $518.25 per each $1,000 LYON outstanding at June 12, 2001 is equal to the issue price plus accrued original issue discount through the redemption date. The 5.50% LYONs may be converted into our common stock at a conversion rate of 15.522 shares per LYON at any time before the close of business on June 12, 2001.

**Restricted Cash**

In connection with the AMFM merger and related governmental directives, we divested five radio stations, which had been placed in a trust, for $41.0 million. These proceeds were placed in a restricted trust for the purchase of replacement properties. The following table details the activity in the restricted cash accounts:

| *(In thousands)* | |
|---|---|
| Restricted cash balance at January 1, 2001 | $ 628,141 |
| Proceeds from sale of stations | 41,000 |
| Restricted cash used in acquisitions | (317,343) |
| Interest, net of fees | 4,274 |
| Expired amount refunded | (308,691) |
| Restricted cash balance at March 31, 2001 | $ 47,381 |

**Sale of Marketable Securities**

In connection with our merger with AMFM on August 30, 2000, Clear Channel and AMFM entered into a Consent Decree with the Department of Justice regarding AMFM's investment in Lamar Advertising Company. The Consent Decree, among other things, required us to sell all of our 26.2 million shares of Lamar by December 31, 2002 and relinquish all shareholder rights during the disposition period. As a result, we do not exercise significant influence and account for the investment under the cost method of accounting. During the first quarter of 2001, we received proceeds of $275.6 million relating to the sale of 6.5 million shares of Lamar common stock.

## USES OF CAPITAL

**Acquisitions**

During the first quarter of 2001, we acquired 126 radio stations in 36 markets for $4.6 million in cash, $317.3 million in restricted cash plus the exchange of seven radio stations. We also acquired approximately 1,008 additional outdoor display faces in 19 domestic markets and approximately 4,940 additional display faces in 38 international markets for a total of $42.2 million in cash. During the first quarter our live entertainment segment acquired music, sports and racing events and promotional assets for $35.5 million in cash. We also acquired the FCC license of a television station that we had previously been operating under a local marketing agreement and other Internet assets for a total of $11.8 million in cash.

**Capital Expenditures**

Capital expenditures in the first quarter of 2001 increased from $80.4 million in the first quarter of 2000 to $125.2 million in same period of 2001. Overall, capital expenditures increased due the increase in the number of radio stations, billboards and displays owned in the first quarter of 2001 as compared to the first quarter of 2000. In addition, we incurred capital expenditures related to our new live entertainment segment during the first quarter of 2001 that we did not incur in the first quarter of 2000. The increase in the first quarter of 2001 primarily relates to additional spending relating to facility consolidation resulting from our acquisitions, technological upgrades of operating assets, and the construction of new revenue-producing advertising displays.

*(In millions)*

| | First Quarter 2001 Capital Expenditures | | | | |
|---|---|---|---|---|---|
| | Radio | Outdoor | Entertainment | Other | Total |
| Recurring | $ 11.9 | $ 17.1 | $ 4.5 | $ 1.4 | $ 34.9 |
| Non-recurring projects | 20.8 | 3.2 | 11.1 | 6.5 | 41.6 |
| Revenue producing | — | 48.0 | .7 | — | 48.7 |
| | $ 32.7 | $ 68.3 | $ 16.3 | $ 7.9 | $ 125.2 |

Our radio broadcasting capital expenditures during the first quarter of 2001 are related primarily to expenditures associated with the consolidation of operations in certain markets in conjunction with acquisitions that are expected to result in improved operating results in such markets.

Our outdoor advertising capital expenditures during the first quarter of 2001 are related primarily to the construction of new revenue producing advertising displays as well as replacement expenditures on our existing advertising displays.

Our live entertainment capital expenditures during the first quarter of 2001 include expenditures primarily related to a consolidated sales and operations facility, new venues and improvements to existing venues.

Included in "other" capital expenditures during the first quarter of 2001 is the purchase of land for a new corporate facility to accommodate our growth, upgrades of our television related operating assets and other technological expenditures.

Future acquisitions of radio broadcasting stations, outdoor advertising facilities, live entertainment assets and other media-related properties affected in connection with the implementation of our acquisition strategy are expected to be financed from increased borrowings under our existing credit facilities, additional public equity and debt offerings and cash flow from operations. We believe that cash flow from operations, as well as the proceeds from securities offerings made from time to time, will be sufficient to make all required future interest and principal payments on the credit facilities, senior convertible notes and bonds, and will be sufficient to fund all anticipated capital expenditures.

**Other**

During the first quarter of 2001, we made cash tax payments of $450.0 million relating to gains realized on divested radio stations.

**Commitments and Contingencies**

There are various lawsuits and claims pending against us. We believe that any ultimate liability resulting from those actions or claims will not have a material adverse effect on our results of operations, financial position or liquidity.

Certain agreements relating to acquisitions provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. We will continue to accrue additional amounts related to such contingent payments if and when it is determinable that the applicable financial performance targets will be met. The aggregate of these contingent payments, if performance targets are met, would not significantly impact our financial position or results of operations.

## Market Risk

*Interest Rate Risk*

At March 31, 2001, approximately 47% of our long-term debt, including fixed rate debt on which we have entered interest rate swap agreements, bears interest at variable rates. Accordingly, our earnings and after tax cash flow are affected by changes in interest rates. Assuming the current level of borrowings at variable rates and assuming a two percentage point change in the quarter's average interest rate under these borrowings, it is estimated that our first quarter 2001 interest expense would have changed by $96.2 million and that our first quarter 2001 net income would have changed by $59.6 million. In the event of an adverse change in interest rates, management may take actions to further mitigate its exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, the 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.

We have entered into interest rate swap agreements that effectively float interest at rates based upon LIBOR on $1.5 billion of our current fixed rate borrowings. These agreements expire from September 2003 to June 2005. The fair value of these agreements at March 31, 2001 was $84.8 million.

*Equity Price Risk*

The carrying value of our available-for-sale equity securities is affected by changes in their quoted market prices. It is estimated that a 20% change in the market prices of these securities would change their carrying value at March 31, 2001 by $190.4 million and would change accumulated comprehensive income by $123.8 million.

In connection with the completion of the AMFM merger, Clear Channel and AMFM entered into a Consent Decree with the Department of Justice regarding our investment in Lamar Advertising Company. The Consent Decree, among other things, required us to sell all of our shares of Lamar by December 31, 2002. In accordance with APB 16, *Business Combinations*, our 26.2 million shares of Lamar were recorded at their quoted market price on the closing date of the merger, which was significantly higher than AMFM's historical purchase price. We will be exposed to changes in Lamar's market price, which may result in large gains or losses related to this disposition in future periods. At March 31, 2001, we held 18.4 million shares of Lamar Advertising common stock.

*Foreign Currency*

We have operations in 43 countries throughout Europe, Asia, Australia and North and South America. Foreign operations are measured in their local currencies except in hyper-inflationary countries in which we operate. 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. To mitigate a portion of the exposure to risk of currency fluctuations throughout Europe and Asia, we have a natural hedge through borrowings in Euros, Sterling and other currencies. This hedge position is reviewed monthly. We maintain no derivative instruments to mitigate the exposure to translation and/or transaction risk. However, this does not preclude the adoption of specific hedging strategies in the future. Our foreign operations reported a loss of $22.2 million for the three months ended March 31, 2001. It is estimated that a 10% change in the value of the U.S. dollar to foreign currencies would change net loss for the three months ended March 31, 2001 by $2.2 million.

**Recent Accounting Pronouncements**

The Financial Accounting Standards Board has proposed new accounting for business combinations that, among other things, would change the accounting for goodwill and other intangibles recorded in business acquisitions as of the date of the new Statement. An important part of the proposed Statement is that amortization of goodwill and certain other intangibles with indefinite lives would cease for both assets acquired prior to the effective date of the Statement and for any new goodwill and other intangibles acquired after the effective date of the Statement. Rather than amortizing these assets, goodwill and other intangibles would be reviewed for impairment using a "market value" approach. The proposed Statement is expected to be finalized in June 2001. As our amortization of goodwill and certain other intangibles is a significant non-cash expense that we currently record, this proposed Statement, if finalized in its current form, will have a material impact on our financial statements. We feel that it is not appropriate to forecast the impact until the proposed Statement is finalized.

**Ratio**

The ratio of earnings to fixed charges is as follows:

| 3 Months ended March 31, | | Year Ended December 31, | | | | |
|---|---|---|---|---|---|---|
| 2001 | 2000 | 2000 | 1999 | 1998 | 1997 | 1996 |
| (.75) | .50 | 2.20 | 2.04 | 1.83 | 2.32 | 3.63 |

The ratio of earnings to fixed charges was computed on a total enterprise basis. Earnings represent income from continuing operations before income taxes less equity in undistributed net income (loss) of unconsolidated affiliates plus fixed charges. Fixed charges represent interest, amortization of debt discount and expense, and the estimated interest portion of rental charges. We had no preferred stock outstanding for any period presented. For the three-month periods ended March 31, 2001 and 2000, fixed charges exceeded earnings before income taxes and fixed charges by $362.1 million and $36.3 million, respectively.

**Risks Regarding Forward Looking Statements**

Except for the historical information, this report contains various forward-looking statements that represent our expectations or beliefs concerning future events, including the future levels of cash flow from operations. Management believes that all statements that express expectations and projections with respect to future matters, including the strategic fit of radio assets; expansion of market share; our ability to capitalize on synergies between the live entertainment and radio broadcasting businesses; and the availability of capital resources; are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables that could have an adverse effect upon our financial 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 business performance. There can be no assurance, however, that management's expectations will necessarily come to pass.

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

- the impact of general economic conditions in the U.S. and in other countries in which we currently do business;

- our ability to integrate the operations of recently acquired companies;
- shifts in population and other demographics;
- industry conditions, including competition;
- fluctuations in operating costs;
- technological changes and innovations;
- changes in labor conditions;
- fluctuations in exchange rates and currency values;
- capital expenditure requirements;
- legislative or regulatory requirements;
- interest rates;
- the effect of leverage on our financial position and earnings;
- taxes;
- access to capital markets; and
- certain other factors set forth in our SEC filings.

This list of factors that may affect future performance and the accuracy of forward-looking statements is illustrative, but by no means 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 within Item 2

**Part II -- OTHER INFORMATION**

**Item 2. CHANGES IN SECURITIES.**

(c) Unregistered Sales.

On February 7, 2001, the Company closed a small merger with a private company. Pursuant to the terms of the merger agreement, the Company issued 299,390 shares of its common stock to the private company's stockholders. The merger was valued at approximately $19.1 million. The shares of Company common stock issued in the merger were issued pursuant to an exemption from registration under Section 3(a)(10) of the Securities Act of 1933 based on a permit issued to the Company by the State of California Department of Corporations.

**Item 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits. See Exhibit Index on Page 21
(b) Reports on Form 8-K

| Filing | Date | Items Reported | Financial Statements Reported |
|---|---|---|---|
| 8-K | 1/30/01 | Item 5 to announce that a press release was issued on 1/30/01 to provide guidance for select income statement items for the 12-month period ending December 31, 2001. | None |

**Signatures**

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

CLEAR CHANNEL COMMUNICATIONS, INC.

Date May 14, 2001

/s/ Herbert W. Hill, Jr.
Herbert W. Hill, Jr.
Senior Vice President and
Chief Accounting Officer

## INDEX TO EXHIBITS

| Exhibit Number | Description |
|---|---|
| 2.1 | Agreement and Plan of Merger dated as of October 2, 1999, among Clear Channel, CCU Merger Sub, Inc. and AMFM Inc. (incorporated by reference to the exhibits of Clear Channel's Current Report on Form 8-K filed October 5, 1999). |
| 2.2 | Agreement and Plan of Merger dated as of February 28, 2000, among Clear Channel, CCU II Merger Sub, Inc. and SFX Entertainment, Inc. (incorporated by reference to the exhibits of Clear Channel's Current Report on Form 8-K filed February 29, 2000). |
| 3.1 | Current Articles of Incorporation of the Company (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-3 (Reg. No. 333-33371) dated September 9, 1997). |
| 3.2 | Second Amended and Restated Bylaws of the Company (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-3 (Reg. No. 333-33371) dated September 9, 1997). |
| 3.3 | Amendment to the Company's Articles of Incorporation (incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998). |
| 3.4 | Second Amendment to Clear Channel's Articles of Incorporation (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999). |
| 3.5 | Third Amendment to Clear Channel's Articles of Incorporation (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000). |
| 4.1 | Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays, B. J. McCombs, John M. Schaefer and John W. Barger, dated May 31, 1977 (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-1 (Reg. No. 33-289161) dated April 19, 1984). |
| 4.2 | Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York as Trustee (incorporated by reference to exhibit 4.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997). |
| 4.3 | First Supplemental Indenture dated March 30, 1998 to Senior Indenture dated October 1, 1997, by and between the Company and The Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998). |
| 4.4 | Second Supplemental Indenture dated June 16, 1998 to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and the Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated August 27, 1998). |
| 4.5 | Third Supplemental Indenture dated June 16, 1998 to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and the Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated August 27, 1998). |
| 4.6 | Fourth Supplement Indenture dated November 24, 1999 to Senior Indenture dated October 1, 1997, by and between Clear Channel and The Bank of New York as Trustee (incorporated by reference to the exhibits of the Company's Annual Report on Form 10-K for the year ended December 31, 1999). |
| 4.7 | Fifth Supplemental Indenture dated June 21, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits of Clear Channel's registration statement on Form S-3 (Reg. No. 333-42028) dated July 21, 2000). |

| Exhibit Number | Description |
|---|---|
| 4.8 | Sixth Supplemental Indenture dated June 21, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits of Clear Channel's registration statement on Form S-3 (Reg. No. 333-42028) dated July 21, 2000). |
| 4.9 | Seventh Supplemental Indenture dated July 7, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits of Clear Channel's registration statement on Form S-3 (Reg. No. 333-42028) dated July 21, 2000). |
| 4.10 | Eighth Supplemental Indenture dated September 12, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000). |
| 4.11 | Ninth Supplemental Indenture dated September 12, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000). |
| 11 | Statement re: Computation of Per Share Earnings. |
| 12 | Statement re: Computation of Ratios. |

## EXHIBIT 11 – COMPUTATION OF EARNINGS PER SHARE

*(In thousands, except per share data)*

| | Three months ended March 31, | | | |
|---|---|---|---|---|
| | 2001 | | 2000 | |
| Numerator: | | | | |
| Net loss | $ (309,228) | | $ (39,402) | |
| Effect of dilutive securities: | | | | |
| Convertible debt – 2.625% issued in 1998 | 2,453 | * | 2,453 | * |
| Convertible debt – 1.5% issued in 1999 | 2,438 | * | 2,438 | * |
| LYONS – 1996 issue | (127) | * | (120) | * |
| LYONS – 1998 issue | 1,754 | * | 1,130 | * |
| Less: Anti-dilutive items | (6,518) | | (5,901) | |
| Numerator for net income (loss) per common share - diluted | $ (309,228) | | $(39,402) | |
| Denominator: | | | | |
| Weighted average common shares | 586,990 | | 338,803 | |
| Effect of dilutive securities: | | | | |
| Stock options and common stock warrants | 14,990 | * | 10,501 | * |
| Convertible debt – 2.625% issued in 1998 | 9,282 | * | 9,282 | * |
| Convertible debt – 1.5% issued in 1999 | 9,454 | * | 9,454 | * |
| LYONS – 1996 issue | 3,869 | * | 3,870 | * |
| LYONS – 1998 issue | 3,085 | * | 3,085 | * |
| Less: Anti-dilutive items | (40,680) | | (36,192) | |
| Denominator for net income (loss) per common share - diluted | 586,990 | | 338,803 | |
| Net income (loss) per common share: | | | | |
| Basic | $ (.53) | | $ (.12) | |
| Diluted | $ (.53) | | $ (.12) | |

* Denotes items that are anti-dilutive to the calculation of earnings per share.

EXHIBIT 12 – COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

*(In thousands, except ratio data)*

| | March 31, | | Year Ended | | | | |
|---|---|---|---|---|---|---|---|
| | 2001 | 2000 | 2000 | 1999 | 1998 | 1997 | 1996 |
| Income (loss) before income taxes, equity in earnings of non-consolidated affiliates and extraordinary item | (365,388) | (37,205) | 688,384 | 220,213 | 117,922 | 104,077 | 71,240 |
| Dividends and other received from nonconsolidated affiliates | 3,319 | 920 | 4,934 | 7,079 | 9,168 | 4,624 | 10,430 |
| Total | (362,069) | (36,285) | 693,318 | 227,292 | 127,090 | 108,701 | 81,670 |
| Fixed Charges | | | | | | | |
| Interest expense | 156,400 | 55,549 | 413,425 | 192,321 | 135,766 | 75,076 | 30,080 |
| Amortization of loan fees | 4,082 | 234 | 12,401 | 1,970 | 2,220 | 1,451 | 506 |
| Interest portion of rentals | 46,233 | 17,468 | 150,317 | 24,511 | 16,044 | 6,120 | 424 |
| Total fixed charges | 206,715 | 73,251 | 576,143 | 218,802 | 154,030 | 82,647 | 31,010 |
| Preferred stock dividends | | | | | | | |
| Tax effect of preferred dividends | — | — | — | — | — | — | — |
| After tax preferred dividends | — | — | — | — | — | — | — |
| Total fixed charges and preferred dividends | 206,715 | 73,251 | 576,143 | 218,802 | 154,030 | 82,647 | 31,010 |
| Total earnings available for payment of fixed charges | (155,354) | 36,966 | 1,269,461 | 446,094 | 281,120 | 191,348 | 112,680 |
| Ratio of earnings to fixed Charges | (0.75) | 0.50 | 2.20 | 2.04 | 1.83 | 2.32 | 3.63 |
| Rental fees and charges | 132,094 | 116,450 | 429,476 | 306,393 | 200,550 | 76,500 | 5,299 |
| Interest rate | 35% | 15% | 35% | 8% | 8% | 8% | 8% |