FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 AND 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 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 August 10, 2001
Common Stock, $.10 par value	592,208,978

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)

	June 30, 2001 (Unaudited)	December 31, 2000 (Audited)
Current Assets		
Cash and cash equivalents	$ 247,150	$ 196,838
Restricted cash	—	308,691
Accounts receivable, less allowance of $59,915 at June 30, 2001 and $60,631 at December 31, 2000	1,615,489	1,557,048
Prepaid expenses	290,161	146,767
Other current assets	137,644	133,873
Total Current Assets	2,290,444	2,343,217
Property, Plant and Equipment		
Land, buildings and improvements	1,263,812	1,197,951
Structures and site leases	2,157,288	2,395,934
Transmitter and studio equipment	709,912	744,571
Furniture and other equipment	505,996	479,532
Construction in progress	315,446	222,286
	4,952,454	5,040,274
Less accumulated depreciation	(1,039,164)	(785,040)
	3,913,290	4,255,234
Intangible Assets		
Contracts	1,039,307	1,075,472
Licenses and goodwill	42,074,832	40,973,198
Other intangible assets	125,396	175,451
	43,239,535	42,224,121
Less accumulated amortization	(2,622,069)	(1,731,557)
	40,617,466	40,492,564
Other Assets		
Restricted cash	7,981	319,450
Notes receivable	42,565	99,818
Investments in, and advances to, nonconsolidated affiliates	473,975	427,303
Other assets	470,060	513,773
Other investments	910,249	1,605,102
Total Assets	$ 48,726,030	$ 50,056,461

See Notes to Consolidated Financial Statements

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

	June 30, 2001 (Unaudited)	December 31, 2000 (Audited)
Current Liabilities		
Accounts payable	$ 323,800	$ 383,588
Accrued interest	111,308	105,581
Accrued expenses	804,921	884,941
Accrued income taxes	96,733	445,499
Current portion of long-term debt	79,273	69,699
Deferred income	437,511	218,670
Other current liabilities	15,424	20,572
Total Current Liabilities	1,868,970	2,128,550
Long-term debt	9,804,736	10,610,452
Deferred income taxes	6,637,160	6,771,198
Other long-term liabilities	223,892	137,343
Minority interest	74,736	61,745
Shareholders' Equity		
Common stock	59,219	58,577
Additional paid-in capital	29,924,865	29,558,908
Common stock warrants	248,626	249,312
Retained earnings (deficit)	(1,289)	544,940
Accumulated other comprehensive income (loss)	(82,435)	(32,433)
Other	(17,293)	(26,298)
Cost of shares held in treasury	(15,157)	(5,833)
Total shareholders' equity	30,116,536	30,347,173
Total Liabilities and Shareholders' Equity	$ 48,726,030	$ 50,056,461

See Notes to Consolidated Financial Statements

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

	Six Months Ended		Three Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Gross revenue	$ 4,102,792	$ 1,950,017	$ 2,341,773	$ 1,078,642
Less: agency commissions	295,168	201,603	162,512	112,767
Net revenue	3,807,624	1,748,414	2,179,261	965,875
Operating expenses	2,699,283	1,082,690	1,520,215	562,729
Non-cash compensation expense	12,350	—	8,456	—
Depreciation and amortization	1,258,601	448,741	644,850	228,687
Corporate expenses	92,682	52,445	47,611	27,867
Operating income (loss)	(255,292)	164,538	(41,871)	146,592
Interest expense	293,939	125,460	137,539	69,911
Gain (loss) on sale of assets related to mergers	(57,390)	—	(51,000)	—
Gain (loss) on marketable securities	23,805	—	5,349	—
Equity in earnings of nonconsolidated affiliates	4,608	9,603	4,045	6,667
Other income (expense) - net	(17,398)	1,624	(9,765)	1,226
Income (loss) before income taxes	(595,606)	50,305	(230,781)	84,574
Income tax (expense) benefit	49,377	(58,472)	(6,220)	(53,339)
Net income (loss)	(546,229)	(8,167)	(237,001)	31,235
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(49,259)	(60,544)	(5,905)	(48,039)
Unrealized gain (loss) on securities:				
Unrealized holding gain (loss) arising during period	(28,990)	73,116	121,671	(27,060)
Reclassification adjustment for (gains) losses on securities transferred to trading	(45,315)	—	—	—
Reclassification adjustment for (gains) losses included in net income (loss)	73,562	—	31,595	—
Comprehensive income (loss)	$ (596,231)	$ 4,405	$ (89,640)	$ (43,864)
Net income (loss) per common share:				
Basic	$ (.93)	$ (.02)	$ (.40)	$ .09
Diluted	$ (.93)	$ (.02)	$ (.40)	$ .09

See Notes to Consolidated Financial Statements

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

	Six Months Ended	
	June 30, 2001	June 30, 2000
Cash flows from operating activities:		
Net loss	$ (546,229)	$ (8,167)
Reconciling Items:		
Depreciation and amortization	1,258,601	448,741
Deferred tax (benefit) expense	(144,698)	15,856
(Recognition) deferral of deferred income	208,592	2,554
(Gain) loss on disposal of assets	3,982	(2,204)
(Gain) loss on sale of other investments	52,133	—
(Gain) loss on sale of assets related to mergers	57,390	—
(Gain) loss on forward exchange contract and related securities	(75,938)	—
Increase (decrease) other, net	13,217	1,664
Changes in operating assets and liabilities, net of effects of acquisitions	(731,852)	(143,797)
Net cash provided by operating activities	95,198	314,647
Cash flows from investing activities:		
Liquidation of restricted cash, net	583,762	4,349
Decrease (increase) in notes receivable - net	(3,747)	(76,000)
Decrease (increase) in investments in and advances to nonconsolidated affiliates - net	(16,889)	(3,657)
Purchases of investments	(918)	(41,842)
Proceeds from sale of investments	595,634	—
Purchases of property, plant and equipment	(285,312)	(201,602)
Proceeds from disposal of assets	74,531	3,377
Proceeds from divestitures placed in restricted cash	41,000	
Acquisition of operating assets	(240,086)	(821,129)
Acquisition of broadcasting assets with restricted cash	(355,010)	—
Decrease (increase) in other-net	(42,725)	(11,230)
Net cash provided by (used in) investing activities	350,240	(1,147,734)
Cash flows from financing activities:		
Draws on credit facilities	1,418,572	1,568,871
Payments on credit facilities	(1,947,851)	(1,209,694)
Proceeds from issuance of long-term debt	—	1,018,790
Payments on long-term debt	(2,796)	(573,107)
Proceeds from forward exchange contract	90,826	—
Proceeds from exercise of stock options, stock purchase plan and common stock warrants	55,123	8,396
Payments for purchase of treasury shares	(9,000)	—
Net cash (used in) provided by financing activities	(395,126)	813,256
Net (decrease) increase in cash and cash equivalents	50,312	(19,831)
Cash and cash equivalents at beginning of period	196,838	76,724
Cash and cash equivalents at end of period	$ 247,150	$ 56,893

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 recorded in earnings as "Gain on marketable securities".

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, *Business Combinations* ("Statement 141"). Statement 141 addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, *Business Combinations*, and FASB Statement 38, *Accounting for Preacquisitition Contingencies of Purchased Enterprises*. Statement 141 is effective for all business combinations initiated after June 30, 2001. Statement 141 eliminates the pooling-of-interest method of accounting for business combinations except for qualifying business combinations that were initiated prior to July 1, 2001. Statement 141 also changes the criteria to recognize intangible assets apart from goodwill. The Company adopted this statement on July 1, 2001. As the Company has historically used the purchase method to account for all business combinations, management does not believe adoption of this statement will materially impact the Company's financial position or results of operations.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* ("Statement 142"). Statement 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, *Intangible Assets*. Statement 142 is effective for fiscal years beginning after December 15, 2001. This statement establishes new

accounting for goodwill and other intangible assets recorded in business combinations. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the statement. Other intangible assets will continue to be amortized over their useful lives. As the Company's amortization of goodwill and certain other indefinite life intangibles is a significant non-cash expense that the Company currently records, Statement 142 will have a material impact on the Company's financial statements. For the three and six months ended June 30, 2001, amortization expense related to goodwill and indefinite life intangibles was approximately $440.0 million and $880.0 million, respectively. In addition, upon adoption, the Company will perform the first of the required impairment tests of goodwill and indefinite life intangibles and have not yet determined what the effect of these tests will be on the Company's financial position or results 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 was closed on June 30, 2001. Other operations of AMFM have or will be either discontinued or integrated into existing similar operations. As of June 30, 2001, the restructuring has resulted in the actual termination of 511 employees and the pending termination of approximately 46 more employees. The majority of the restructuring was 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)

	June 30, 2001	December 31, 2000
Severance costs:		
Severance accrual at January 1	$ 41,265	$ 1,882
Estimated costs charged to restructuring accrual in purchase accounting	—	78,525
Adjustments to purchase accounting	10,062	(1,735)
Payments charged against restructuring accrual	(45,730)	(37,407)
Remaining severance accrual	$ 5,597	$ 41,265
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	367	(2,466)
Payments charged against restructuring accrual	(1,763)	(3,447)
Remaining lease and other restructuring cost accrual	$ 41,630	$ 43,026

Pro Forma

The results of operations for the six-month period ending June 30, 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 six months ended June 30, 2000 would have been as follows:

(In thousands, except per share data)

Net revenue	$ 3,749,156
Net loss	$ (340,993)
Net loss per share basic and diluted	$ (.75)

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 six months 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 the refinement of contingent items.

Other

As a result of the Company's recent acquisitions, it has integrated operations and performed analysis of the deployed assets, with those assets no longer necessary being written down to net realizable value. This resulted in additional depreciation expense for the six months ended June 30, 2001 of approximately $50.0 million.

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 on the balance sheet as "Other long-term assets" 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 June 30, 2001, the fair value of the interest rate swap agreements was approximately $70.2 million. Accordingly, an adjustment was made to the asset and carrying value of the underlying debt on June 30, 2001 to reflect the increase in fair value.

Secured Forward Exchange Contract

On January 31, 2001, and again on June 25, 2001, Clear Channel Investments, Inc., a wholly-owned subsidiary of the Company, entered into ten-year forward sale contracts that monetized, in aggregate 2.9 million shares of the Company's investment in AMT. The secured forward exchange contracts protect 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 contracts, the Company retains ownership of the AMT shares. The Company's obligation under the secured forward exchange contracts is collateralized by a security interest in the AMT shares.

Under Statement 133, these contracts are considered hybrid instruments - long-term obligations with derivative instruments embedded into the contracts. Statement 133 requires a hybrid instrument to be bifurcated such that the long-term obligations and the embedded derivatives are accounted for separately under the appropriate accounting guidance. The long-term obligations have been recorded on the balance sheet as "Other long-term liabilities" at their fair value at inception of $56.9 million and are being accreted to their maturity values of an aggregate of $103.0 million over their ten-year term, with the accretion classified as interest expense. As of June 30, 2001, the aggregate balance of the long-term obligations was $58.5 million. As of June 30, 2001, the aggregate balance of the embedded derivatives recorded on the balance sheet as "Other assets" was $6.9 million. For the three and six months ended June 30, 2001, the fair value of the embedded derivative increased $1 million and $40.8 million, respectively. The increase in fair value was recorded in earnings as "Gain on marketable securities". On June 30, 2001, the fair market value of the 2.0 million shares of AMT that had been reclassified as trading securities was $41.6 million. For the three and six months ended June 30, 2001, the fair value of the AMT shares classified as trading securities had increased $4.3 million and decreased $31.2 million, respectively. The change in the fair market value of these shares has been recorded in earnings as "Gain on marketable securities". For the six months ended June 30, 2001, the amounts recorded in "Gain on marketable securities" relating to the secured forward exchange contracts were 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 effect of movements in currency exchange rates on these net investments. 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 reported in shareholders' equity as "Accumulated other comprehensive income". 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 June 30, 2001, cumulative translation losses of $188.9 million have been reported as a part of "Accumulated other comprehensive income" within shareholders' equity.

Note 5: CONVERSION OF LONG-TERM DEBT

On May 7, 2001, the Company delivered notice of its intent to redeem on June 12, 2001 the total outstanding principal amount of its 5.50% Liquid Yield Option Notes ("LYONs"), recorded on the balance sheet as "Long-term debt". The redemption price was $581.25 per each $1,000 LYON outstanding at June 12, 2001. Each LYON was convertible, at the option of the holder, at any time prior to the close of business June 12, 2001. Substantially all of the 5.50% LYONs converted into 3.9 million shares of the Company's common stock prior to the redemption date.

Note 6: 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)	Six Months Ended		Three Months Ended	
	June 30, 2001	June 30, 2000	June 30, 2001	June 30, 2000
Net revenue				
Radio Broadcasting	$ 1,698,822	$ 874,825	$ 940,831	$ 479,372
Outdoor Advertising	860,707	797,192	461,451	441,421
Live Entertainment	1,098,335	—	697,255	—
Other	213,810	103,637	112,306	57,771
Eliminations	(64,050)	(27,240)	(32,582)	(12,689)
Consolidated	$ 3,807,624	$ 1,748,414	$ 2,179,261	$ 965,875
Operating expenses				
Radio Broadcasting	$ 1,000,655	$ 539,280	$ 536,306	$ 276,526
Outdoor Advertising	577,020	501,742	294,209	259,084
Live Entertainment	1,025,639	—	641,335	—
Other	160,019	68,908	80,947	39,808
Eliminations	(64,050)	(27,240)	(32,582)	(12,689)
Consolidated	$ 2,699,283	$ 1,082,690	$ 1,520,215	$ 562,729
Depreciation and Amortization				
Radio Broadcasting	$ 808,335	$ 230,546	$ 428,448	$ 116,169
Outdoor Advertising	269,132	200,698	122,548	103,388
Live Entertainment	133,448	—	62,848	—
Other	47,686	17,497	31,006	9,130
Consolidated	$ 1,258,601	$ 448,741	$ 644,850	$ 228,687
Operating income (loss)				
Radio Broadcasting	$ (110,168)	$ 105,077	$ (23,923)	$ 85,940
Outdoor Advertising	(6,452)	73,219	34,301	68,815
Live Entertainment	(82,058)	—	(18,778)	—
Other	(56,614)	(13,758)	(33,471)	(8,163)
Consolidated	$ (255,292)	$ 164,538	$ (41,871)	$ 146,592

	As of	
	June 30, 2001	June 30, 2000
Total identifiable assets		
Radio Broadcasting	$ 33,979,277	$ 9,414,817
Outdoor Advertising	7,655,874	6,759,525
Live Entertainment	5,632,589	—
Other	1,458,290	1,473,718
Consolidated	$ 48,726,030	$ 17,648,060

Net revenue of $579.2 million and $258.8 million for the six and three months ended June 30, 2001, respectively and $388.6 million and $215.6 million for the six and three months ended June 30, 2000, respectively, and identifiable assets of $2.7 billion and $2.2 billion as of June 30, 2001 and 2000, respectively are included in the data above and are derived from the Company's foreign operations.

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 pro forma measurement. 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 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.

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. In order to properly reflect the above definition, for the six months ended June 30 amounts, adjustments were made to the three months ended March 31 amounts, which when previously reported, had included our proportionate share of the results of operations of actively managed equity investments.

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

Comparison of Three and Six Months Ended June 30, 2001 to Three and Six Months Ended June 30, 2000.

Consolidated

(In thousands)

	As Reported Three Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$2,179,261	$965,875	126%	(1%)
Operating Expenses	1,520,215	562,729	170%	5%
Corporate Expenses	47,611	27,867	71%	(15%)
EBITDA	$ 611,435	$375,279	63%	(13%)

	As Reported Six Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$3,807,624	$1,748,414	118%	(5%)
Operating Expenses	2,699,283	1,082,690	149%	(1%)
Corporate Expenses	92,682	52,445	77%	(15%)
EBITDA	$1,015,659	$ 613,279	66%	(13%)

On a reported basis, net revenue and operating expenses increased primarily due to our 2000 acquisitions. Included in our three and six months ended June 30, 2001 reported basis amounts are the net revenues and operating expenses for our 2000 acquisitions, the most significant being SFX Entertainment, Inc. acquired on August 1, 2000, AMFM Inc. 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 three and six months ended June 30, 2001 due to an overall softening of the advertising industry, especially as compared to the strong advertising environment during the first six months of 2000. During the first six months of 2000, advertising rates were higher in our radio and outdoor businesses related to the increased inventory demand within the advertising industry. For the three months ended June 30, 2001, operating expenses increased primarily due to the increase in revenue within the entertainment division during the current period as compared to the prior period. This increase in operating expenses along with a smaller increase in the outdoor division was partially offset by a decrease in the radio division. For the six months ended June 30, 2001 operating expenses declined as a result of the decrease in revenue. Also, corporate expenses declined on a pro forma basis primarily related to savings associated with our recent mergers and other cost saving measures.

Other Income and Expense Information

Non-cash compensation expense of $8.5 million and $12.4 million was recorded during the three and six months ended June 30, 2001, respectively. This expense is 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 $17.5 million during the remaining vesting period. In addition to the expense associated with the assumed unvested stock options granted to AMFM employees, we have recognized expense associated with modifications made to existing options during specific employee contract negotiations. We expect to recognize non-cash compensation expense of approximately $6.6 million over the next five years relating to these specific contracts.

For the three and six months ended June 30, 2001, depreciation and amortization expense increased from $228.7 million and $448.7 million, respectively to $644.9 million and $1.3 billion, respectively. 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. In addition to the increase relating to recent acquisitions, during the six months ended June 30, 2001, we wrote down certain assets deemed to be no longer necessary in our ongoing operations to their net realizable value. The majority of the assets identified resulted from the continuing integration of recent acquisitions, as well as analog television equipment, and an impairment of an operating contract. As we continue integration and analysis of the assets deployed in the operations of our business, with those assets deemed no longer necessary being written down to their net realizable value, we will possibly recognize additional depreciation and amortization expense.

Interest expense was $293.9 million and $125.5 million for the six months ended June 30, 2001 and 2000, respectively. For the three months ended June 30, 2001 and 2000, interest expense increased $67.6 million from $69.9 million to $137.5 million, a 97% increase. 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. The 1-Month LIBOR rates decreased from 6.64% at June 30, 2000 to 3.86% at June 30, 2001.

The loss on sale of assets related to mergers for the six months ended June 30, 2001 of $57.4 million is primarily due to a loss of $78.7 million related to the sale of 14.5 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 other 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. For the three months ended June 30, 2001, a loss of $51.0 million was recorded related to the sale of 8.0 million shares of Lamar Advertising Company.

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*. On January 1, 2001, 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. During the six months ended June 30, 2001, we entered into two secured forward exchange contracts that monetized part of our investment in American Tower. The fair value adjustment of the American Tower trading shares and the secured forward exchange contract netted gains of $5.3 million and $9.6 million during the three and six months ended June 30, 2001, respectively. In addition, during the first quarter of 2001, a net loss of $52.1 million was recognized related to impairments of other investments that had declines in their market values that were considered to be other than temporary.

Equity in earnings of nonconsolidated affiliates for the six months ended June 30, 2001 was $4.6 million as compared to $9.6 million for the same period of 2000. The decrease was due to declining operating results primarily in our radio broadcasting equity investments. For similar reasons, equity in earnings of nonconsolidated affiliates for the three months ended June 30, 2001 declined $2.6 million from $6.7 million for the three months ended June 30, 2000.

For the three and six months ended June 30, 2001, Other income (expense) net was an expense of $9.8 million and $17.4 million, respectively, as compared to income of $1.2 million and $1.6 million in the same periods of 2000, respectively. 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 $49.4 million was recorded for the six months ended June 30, 2001, as compared to an income tax expense of $58.5 million recorded in the same period 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 June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$940,831	$479,372	96%	(7%)
Operating Expenses	536,306	276,526	94%	(2%)
EBITDA	$404,525	$202,846	99%	(13%)

	As Reported Six Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$1,698,822	$874,825	94%	(8%)
Operating Expenses	1,000,655	539,280	86%	(5%)
EBITDA	$ 698,167	$335,545	108%	(10%)

Net revenues and operating expenses increased on a reported basis due to our acquisitions completed during 2000. Included in our three and six months ended June 30, 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 and advertising rates experienced during the first six months of 2000 related to the overall strength of the U.S. economy and the rapid growth of the Internet industry. On a pro forma basis, operating expenses decreased incrementally with the decrease in net revenue.

Outdoor Advertising
(In thousands)

	As Reported Three Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$461,451	$441,421	5%	(6%)
Operating Expenses	294,209	259,084	14%	1%
EBITDA	$167,242	$182,337	(8%)	(15%)

	As Reported Six Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$860,707	$797,192	8%	(4%)
Operating Expenses	577,020	501,742	15%	2%
EBITDA	$283,687	$295,450	(4%)	(13%)

Net revenues and operating expenses increased on a reported basis due to our acquisitions completed during 2000. Included in the three and six months ended June 30, 2001 reported basis amounts are net revenues and operating expenses from our acquisition of Donrey in September 2000, as well as other less significant acquisitions.

On a pro forma basis, due to difficult comparisons to the prior year period, net revenues decreased during the three and six months ended June 30, 2001 as compared to the same periods of 2000. Pro forma operating expenses increased primarily due to increased expenses associated with investments and expansion of operations of recently acquired assets and contracts.

Live Entertainment
(In thousands)

	As Reported Three Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$697,255	$ —	n/a	12%
Operating Expenses	641,335	—	n/a	12%
EBITDA	$ 55,920	$ —	n/a	11%

	As Reported Six Months Ended June 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$1,098,335	$ —	n/a	2%
Operating Expenses	1,025,639	—	n/a	3%
EBITDA	$ 72,696	$ —	n/a	(16%)

We entered the live entertainment business with our acquisition of SFX in August 2000. On a pro forma basis, net revenue increased during the three and six months ended June 30, 2001 as compared to the same periods of the prior year due to a change in the mix of live events during 2001 as compared to 2000. Although the number of live events decreased over the prior period, there were more stadium and arena events in 2001, which generated higher revenues due to increased seating capacity. In addition, sell-out rates slightly increased over the prior period. Operating expenses increased on a pro forma basis due to the increase in revenue.

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.

As of June 30, 2001 and December 31, 2000 we had the following debt outstanding:

(In millions)

	June 30, 2001		December 31, 2000
Credit facilities – domestic	$ 2,662.9		$ 3,203.8
Credit facility – international	87.2		118.3
Senior convertible notes	1,575.0		1,575.0
Liquid Yield Option Notes	240.6	(a)	497.1
Long-term bonds	5,168.5	(b)	5,153.6
Other borrowings	149.8		132.4
Total	$ 9,884.0	(c)	$ 10,680.2

(a) Includes $44.8 million in unamortized fair value purchase accounting adjustment related to the merger with Jacor Communications, Inc.
(b) Includes $70.8 million in unamortized fair value purchase accounting adjustments related to the mergers with Jacor and AMFM. Also includes $70.2 million related to fair value adjustments for interest rate swap agreements.
(c) Total face value of outstanding debt was $9.8 billion at June 30, 2001.

We had $247.2 million in unrestricted cash and cash equivalents on hand at June 30, 2001.

SOURCES OF CAPITAL

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 $1.8 billion revolving credit facility. At June 30, 2001, $1.6 billion was outstanding and, taking into account outstanding letters of credit, $145.2 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, prior to its August 29, 2001 maturity, to convert into a term loan with a four-year maturity. There was no amount outstanding at June 30, 2001 and $1.5 billion was available for future borrowings. We requested a 364-day extension of this facility and at August 10, 2001 have received $1.5 billion in commitments to extend the facility to August 28, 2002.

The third facility is a $1.5 billion, five-year multi-currency revolving credit facility. At June 30, 2001, the outstanding balance was $1.1 billion and, taking into account letters of credit, $400.7 million was available for future borrowings.

During the six months ended June 30, 2001, we made principal payments totaling $1.9 billion and drew down $1.3 billion on these credit facilities. As of August 10, 2001, the credit facilities aggregate outstanding balance was $2.9 billion and, taking into account outstanding letters of credit, $1.8 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 June 30, 2001, approximately $62.8 million was available for future borrowings and $87.2 million was outstanding. This credit facility expires on December 8, 2005.

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	(355,010)
Interest, net of fees	4,601
Expired amount refunded	(310,751)
Restricted cash balance at June 30, 2001	$ 7,981

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 six months ended June 30, 2001, we received proceeds of $595.6 million relating to the sale of 14.5 million shares of Lamar common stock.

USES OF CAPITAL

Acquisitions

During the six months ended June 30, 2001, we acquired 151 radio stations in 44 markets for $28.4 million in cash, $343.3 million in restricted cash plus the exchange of seven radio stations. We also acquired approximately 1,450 additional outdoor display faces in 25 domestic markets and approximately 7,750 additional display faces in 38 international markets for a total of $94.7 million in cash. Our outdoor segment also acquired investments in non-consolidated affiliates for a total of $37.9 million in cash. During the six months ended June 30, 2001, our live entertainment segment acquired music, sports and racing events, promotional assets and sports talent representation contracts for $73.9 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 $5.1 million in cash and $11.7 million in restricted cash.

Capital Expenditures

Capital expenditures increased from $201.6 million for the six months ended June 30, 2000 to $285.3 million in same period of 2001. Overall, capital expenditures increased due the increase in the number of radio stations, billboards and displays owned during the six months ended June 30, 2001 as compared to the six months ended June 30, 2000. In addition, we incurred capital expenditures related to our new live entertainment segment during the six months ended June 30, 2001 that we did not incur in the same period of 2000. The increase for the six months ended June 30, 2001 primarily relates to additional spending relating to facility consolidation resulting from our acquisitions, technological upgrades of operating assets, and the construction and purchase of new revenue-producing advertising displays.

(In millions)

	Six Months Ended June 30, 2001 Capital Expenditures				
	Radio	Outdoor	Entertainment	Other	Total
Recurring	$ 17.8	$ 30.2	$ 8.4	$ 10.2	$ 66.6
Non-recurring projects	59.0	6.4	20.1	26.8	112.3
Revenue producing	—	93.8	12.6	—	106.4
	$ 76.8	$ 130.4	$ 41.1	$ 37.0	$ 285.3

Our radio broadcasting capital expenditures during the six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 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 six months ended June 30, 2001 is the purchase of land for an additional 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.

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. 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. 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 $581.25 per each $1,000 LYON outstanding at June 12, 2001 was equal to the issue price plus accrued original issue discount through the redemption date. Substantially all of the 5.50% LYONs converted into our common stock prior to the redemption date. The LYONs balance, after conversions to common stock, amortization of purchase accounting premium, and accretion of interest, at June 30, 2001 was $240.6 million.

Other

During the six months ended June 30, 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 June 30, 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 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 six months ended June 30, 2001 interest expense would have changed by $90.0 million and that our six months ended June 30, 2001 net loss would have changed by $55.8 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 June 30, 2001 was an asset of $70.2 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 June 30, 2001 by $165.7 million and would change accumulated comprehensive income by $102.7 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 June 30, 2001, we held 10.4 million shares of Lamar Advertising common stock valued at $456.1 million.

Foreign Currency

We have operations in 63 countries throughout the world. 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 $22.3 million for the six months ended June 30, 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 six months ended June 30, 2001 by $2.2 million.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, *Business Combinations.* Statement 141 addresses financial accounting and reporting for business combinations and supersedes APB Opinion No. 16, *Business Combinations*, and FASB Statement 38, *Accounting for Preacquisitition Contingencies of Purchased Enterprises*. Statement 141 is effective for all business combinations initiated after June 30, 2001. Statement 141 eliminates the pooling-of-interest method of accounting for business combinations except for qualifying business combinations that were initiated prior to July 1, 2001. Statement 141 also changes the criteria to recognize intangible assets apart from goodwill. We adopted this statement on July 1, 2001. As we have historically used the purchase method to account for all business combinations, management does not believe adoption of this statement will materially impact the Company's financial position or results of operations.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets*. Statement 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and supersedes APB Opinion No. 17, *Intangible Assets*. Statement 142 is effective for fiscal years beginning after December 15, 2001. This statement establishes new accounting for goodwill and other intangible assets recorded in business combinations. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the statement. Other intangible assets will continue to be amortized over their useful lives. As our amortization of goodwill and certain other indefinite life intangibles is a significant non-cash expense that we currently record, Statement 142 will have a material impact on our financial statements. For the three and six months ended June 30, 2001, amortization expense related to goodwill and indefinite life intangibles was approximately $440.0 million and $880.0 million, respectively. In addition, upon adoption, we will perform the first of the required impairment tests of goodwill and indefinite life intangibles and have not yet determined what the effect of these tests will be on the Company's financial position or results of operations.

Ratio

The ratio of earnings to fixed charges is as follows:

6 Months ended June 30,		Year Ended December 31,				
2001	2000	2000	1999	1998	1997	1996
(.54)	1.25	2.20	2.04	1.83	2.32	3.63

The ratio of earnings to fixed charges was computed on a consolidated 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 six-month period ended June 30, 2001, fixed charges exceeded earnings before income taxes and fixed charges by $600.2 million.

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 4. Submission of Matters to a Vote of Security Holders

An annual meeting of shareholders of the Comp any was held on April 26, 2001. L. Lowry Mays, Karl Eller, Mark P. Mays, Randall T. Mays, Robert L. Crandall, Alan D. Feld, Thomas O. Hicks, Vernon E. Jordan, Jr., Michael J. Levitt, Perry J. Lewis, B. J. McCombs, Theodore H. Strauss and John H. Williams were elected as directors of the Company, each to hold office until the next annual meeting of shareholders or until his successor has been elected and qualified, subject to earlier resignation and removal. The shareholders approved the selection of Ernst & Young LLP as independent auditors for the year ending December 31, 2001. The shareholders also approved the adoption of the Clear Channel Communications, Inc. 2001 Stock Incentive Plan.

The results of voting at the annual meeting of the shareholders were as follows:

Proposal No. 1
(Election of Directors)

Nominee	For	Withheld
L. Lowry Mays	474,159,868	48,756,042
Karl Eller	500,910,431	22,005,479
Mark P. Mays	499,227,972	23,687,938
Randall T. Mays	494,142,216	28,773,694
Robert L. Crandall	517,303,556	5,612,354
Alan D. Feld	505,192,058	17,723,852
Thomas O. Hicks	516,897,928	6,017,982
Vernon E. Jordan Jr.	504,786,260	18,129,650
Michael J. Levitt	517,287,314	5,628,596
Perry J. Lewis	517,315,897	5,600,013
B.J. McCombs	505,580,236	17,335,674
Theodore H. Strauss	516,948,266	5,967,644
John H. Williams	517,312,583	5,603,327

Proposal No. 2
(Selection of Ernst & Young LLP as Independent Auditors for the year ending December 31, 2001

For	Withhold/Against	Exceptions/Abstain
520,588,910	841,785	1,485,215

Proposal No. 3
(Adoption of the Stock Incentive Plan)

For	Withhold/Against	Exceptions/Abstain
350,411,877	125,771,337	2,727,851

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits. See Exhibit Index on Page 24
(b) Reports on Form 8-K
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.

August 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-

Exhibit Number	Description
	42028) dated July 21, 2000).
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 Earnings Per Share.
12	Statement re: Computation of Ratio of Earnings to Fixed Charges.

EXHIBIT 11 – COMPUTATION OF EARNINGS PER SHARE

In thousands of dollars, except per share data

	Six months ended June 30,			
	2001		2000	
Numerator:				
Net loss	(546,229)		$ (8,167)	
Effect of dilutive securities:				
Convertible debt – 2.625% issued in 1998	4,679	*	4,905	*
Convertible debt – 1.5% issued in 1999	4,650	*	4,875	*
LYONS – 1996 issue	(225)	*	(241)	*
LYONS – 1998 issue	2,270	*	2,271	*
Less: Anti-dilutive items	(11,374)		(11,810)	
Numerator for net income (loss) per common share - diluted	$(546,229)		$ (8,167)	
Denominator:				
Weighted average common shares	588,027		338,871	
Effect of dilutive securities:				
Stock options and common stock warrants	15,076	*	10,280	*
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	3,487	*	3,872	*
LYONS – 1998 issue	3,085	*	3,085	*
Less: Anti-dilutive items	(40,384)		(35,973)	
Denominator for net income (loss) per common share - diluted	588,027		338,871	
Net income (loss) per common share:				
Basic	$ (.93)		$ (.02)	
Diluted	$ (.93)		$ (.02)	

* 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)

	June 30,		Year Ended				
	2001	2000	2000	1999	1998	1997	1996
Income (loss) before income taxes, equity in earnings of non-consolidated affiliates and extraordinary item	(600,214)	40,702	688,384	220,213	117,922	104,077	71,240
Dividends and other received from nonconsolidated affiliates	4,332	920	4,934	7,079	9,168	4,624	10,430
Total	(595,882)	41,622	693,318	227,292	127,090	108,701	81,670
Fixed Charges							
Interest expense	293,939	125,460	413,425	192,321	135,766	75,076	30,080
Amortization of loan fees	7,538	156	12,401	1,970	2,220	1,451	506
Interest portion of rentals	86,395	40,536	150,317	24,511	16,044	6,120	424
Total fixed charges	387,872	166,152	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	387,872	166,152	576,143	218,802	154,030	82,647	31,010
Total earnings available for payment of fixed charges	(208,010)	207,774	1,269,461	446,094	281,120	191,348	112,680
Ratio of earnings to fixed Charges	(.54)	1.25	2.20	2.04	1.83	2.32	3.63
Rental fees and charges	246,843	202,678	429,476	306,393	200,550	76,500	5,299
Interest rate	35%	20%	35%	8%	8%	8%	8%