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 September 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 November 13, 2001
Common Stock, $.10 par value	597,639,787

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)

	September 30, 2001 (Unaudited)	December 31, 2000 (Audited)
Current Assets		
Cash and cash equivalents	$ 266,399	$ 196,838
Restricted cash	—	308,691
Accounts receivable, less allowance of $60,696 at September 30, 2001 and $60,631 at December 31, 2000	1,577,463	1,557,048
Prepaid expenses	200,853	146,767
Other current assets	147,113	133,873
Total Current Assets	2,191,828	2,343,217
Property, Plant and Equipment		
Land, buildings and improvements	1,320,350	1,197,951
Structures and site leases	2,233,549	2,395,934
Transmitter and studio equipment	680,360	744,571
Furniture and other equipment	522,302	479,532
Construction in progress	341,260	222,286
	5,097,821	5,040,274
Less accumulated depreciation	(1,146,476)	(785,040)
	3,951,345	4,255,234
Intangible Assets		
Contracts	1,087,718	1,075,472
Licenses and goodwill	42,444,771	40,973,198
Other intangible assets	125,943	175,451
	43,658,432	42,224,121
Less accumulated amortization	(3,116,098)	(1,731,557)
	40,542,334	40,492,564
Other Assets		
Restricted cash	—	319,450
Notes receivable	37,933	99,818
Investments in, and advances to, nonconsolidated affiliates	491,473	427,303
Other assets	580,891	513,773
Other investments	594,607	1,605,102
Total Assets	$ 48,390,411	$ 50,056,461

See Notes to Consolidated Financial Statements

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

	September 30, 2001 (Unaudited)	December 31, 2000 (Audited)
Current Liabilities		
Accounts payable	$ 333,423	$ 383,588
Accrued interest	103,677	105,581
Accrued expenses	842,415	884,941
Accrued income taxes	92,710	445,499
Current portion of long-term debt	336,858	69,699
Deferred income	225,316	218,670
Other current liabilities	20,526	20,572
Total Current Liabilities	1,954,925	2,128,550
Long-term debt	9,685,701	10,610,452
Deferred income taxes	6,437,181	6,771,198
Other long-term liabilities	312,075	137,343
Minority interest	79,645	61,745
Shareholders' Equity		
Common stock	59,785	58,577
Additional paid-in capital	30,303,912	29,558,908
Common stock warrants	13,626	249,312
Retained earnings (deficit)	(233,487)	544,940
Accumulated other comprehensive income (loss)	(197,074)	(32,433)
Other	(10,631)	(26,298)
Cost of shares held in treasury	(15,247)	(5,833)
Total shareholders' equity	29,920,884	30,347,173
Total Liabilities and Shareholders' Equity	$ 48,390,411	$ 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)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
Gross revenue	$ 6,550,857	$ 3,634,804	$ 2,448,065	$ 1,684,787
Less: agency commissions	443,000	309,671	147,832	108,068
Net revenue	6,107,857	3,325,133	2,300,233	1,576,719
Operating expenses	4,395,864	2,144,974	1,696,581	1,062,284
Non-cash compensation expense	14,931	3,151	2,581	3,151
Depreciation and amortization	1,911,372	820,800	652,771	372,059
Corporate expenses	140,832	91,862	48,150	39,417
Operating income (loss)	(355,142)	264,346	(99,850)	99,808
Interest expense	428,683	230,795	134,744	105,335
Gain (loss) on sale of assets related to mergers	(57,390)	805,183	—	805,183
Gain on marketable securities	29,512	—	5,707	—
Equity in earnings of nonconsolidated affiliates	11,619	18,036	7,011	8,433
Other income (expense) – net	(19,049)	(7,340)	(1,651)	(8,964)
Income (loss) before income taxes	(819,133)	849,430	(223,527)	799,125
Income tax (expense) benefit	40,706	(408,670)	(8,671)	(350,198)
Net income (loss)	(778,427)	440,760	(232,198)	448,927
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	14,292	(114,667)	63,551	(54,123)
Unrealized gain (loss) on securities:				
Unrealized holding gain (loss) arising during period	(207,180)	(64,077)	(178,190)	(137,193)
Reclassification adjustment for gains on securities transferred to trading	(45,315)	—	—	—
Reclassification adjustment for unrealized gains on SFX shares held prior to merger	—	(36,526)	—	(36,526)
Reclassification adjustment for (gains) losses included in net income (loss)	73,562	—	—	—
Comprehensive income (loss)	$ (943,068)	$ 225,490	$ (346,837)	$ 221,085
Net income (loss) per common share:				
Basic	$ (1.32)	$ 1.19	$ (.39)	$ 1.04
Diluted	$ (1.32)	$ 1.13	$ (.39)	$ .96

See Notes to Consolidated Financial Statements

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

	Nine Months Ended September 30,	
	2001	2000
Cash Flows from operating activities:		
Net income (loss)	$ (778,427)	$ 440,760
Reconciling Items:		
Depreciation and amortization	1,911,372	820,800
Deferred tax (benefit) expenses	(258,588)	194,236
(Recognition) deferral of deferred income	(3,758)	(100,049)
(Gain) loss on disposal of assets	7,172	(1,222)
(Gain) loss on sale of other investments	52,133	—
(Gain) loss on sale of assets related to mergers	57,390	(804,433)
(Gain) loss on forward exchange contract and related securities	(81,646)	—
Increase (decrease) accrued income and other taxes	(315,952)	195,446
Increase (decrease) other, net	12,884	8,782
Changes in other operating assets and liabilities, net of effects of acquisitions	(248,447)	(123,305)
Net cash provided by operating activities	354,133	631,015
Cash flows from investing activities:		
(Investment in) liquidation of restricted cash, net	591,767	(1,027,997)
Cash acquired in stock-for-stock mergers	—	312,122
Decrease (increase) in notes receivable – net	885	(25,359)
Decrease (increase) in investments in and advances to nonconsolidated affiliates - net	(30,336)	3,200
Purchases of investments	(3,009)	(61,704)
Proceeds from sale of investments	595,634	—
Purchases of property, plant and equipment	(419,412)	(320,434)
Proceeds from disposal of assets	99,632	384,250
Proceeds from divestitures placed in restricted cash	41,000	792,448
Acquisition of operating assets	(519,404)	(1,499,188)
Acquired restricted cash	—	439,896
Acquisition of operating assets with restricted cash	(362,075)	(211,154)
Decrease (increase) in other-net	(34,231)	(237,792)
Net cash provided by (used in) investing activities	(39,549)	(1,451,712)
Cash flows from financing activities:		
Draws on credit facilities	1,886,832	6,066,052
Payments on credit facilities	(2,401,320)	(6,705,037)
Proceeds from issuance of long-term debt	—	3,138,182
Payments on long-term debt	(4,964)	(1,404,465)
Proceeds from forward exchange contract	90,826	—
Proceeds from exercise of stock options, stock purchase plan and common stock warrants	192,603	34,087
Payments for purchase of treasury shares	(9,000)	—
Net cash (used in) provided by financing activities	(245,023)	1,128,819
Net increase in cash and cash equivalents	69,561	308,122
Cash and cash equivalents at beginning of period	196,838	76,724
Cash and cash equivalents at end of period	$ 266,399	$ 384,846

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 Statement of 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".

On July 1, 2001, the Company adopted 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 Preacquisition 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. As the Company has historically used the purchase method to account for all business combinations, adoption of this statement did not have a material impact on 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 lived 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 nine months ended September 30, 2001, amortization expense related to goodwill and indefinite lived intangibles was approximately $440 million and $1.3 billion, respectively. In addition, upon adoption, the Company will perform the first of the required impairment tests of goodwill and indefinite lived intangibles. The Company is currently evaluating valuation techniques as well as other implementation issues. The Company's preliminary assessment is that an impairment charge under the new requirements of Statement 142 may possibly be recorded upon the adoption of Statement 142.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("Statement 144"). Statement 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes Financial Accounting Standards No. 121, *Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of* ("Statement 121"). Statement 144 is effective for fiscal years beginning after December 15, 2001. Statement 144 removes goodwill from its scope and retains the requirements of Statement 121 regarding the recognition of impairment losses on long-lived assets held for use. The Statement modifies the accounting for long-lived assets to be disposed of by sale and long-lived assets to be disposed of by other than by sale. Management does not believe adoption of this statement will materially impact 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 either been discontinued or integrated into existing similar operations. As of September 30, 2001, the restructuring has resulted in the actual termination of 556 employees and the pending termination of approximately 100 more employees. The Company has recorded a liability in purchase accounting primarily related to severance for terminated employees and lease terminations as follows:

(In thousands)

	September 30, 2001	December 31, 2000
Severance and lease termination costs:		
Accrual at January 1	$ 84,291	$ 4,348
Adjustments to restructuring accrual	41,389	120,797
Payments charged against restructuring accrual	(64,974)	(40,854)
Remaining severance and lease termination accrual	$ 60,706	$ 84,291

The remaining severance and lease accrual is comprised of $48.9 million of severance and $11.8 million of lease termination. During the nine months ended September 30, 2001, $62.4 million was paid and charged to the restructuring reserve related to severance. The adjustments to the restructuring accrual presented above, which are primarily related to additional severance, were recorded within goodwill. During the three months ended September 30, 2001, the Company made adjustments to finalize the purchase price allocation for both the AMFM and SFX mergers.

Pro Forma

The Company completed its mergers with SFX and AMFM in August 2000 and acquired Donrey Media Group ("Donrey") in September 2000. Therefore, the results of operations for the nine-month period ending September 30, 2001 include the operations of these companies. 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 nine months ended September 30, 2000 would have been as follows:

(In thousands, except per share data)

Net revenue	$5,673,140
Net loss	$ (356,946)
Net loss per share basic and diluted	$ (.61)

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 nine 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.

Other

As a result of the Company's recent acquisitions, it has integrated operations and identified assets no longer used. As these assets were taken out of service and disposed of, the related carrying value of these assets were written off, resulting in an impairment charge for the nine months ended September 30, 2001 of approximately $110 million, which was recorded in depreciation expense. In addition, assets acquired in the AMFM merger were disposed of and goodwill was adjusted accordingly.

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 September 30, 2001, the fair value of the interest rate swap agreements was approximately $131.6 million. Accordingly, an adjustment was made to the asset and carrying value of the underlying debt on September 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 two ten-year secured forward exchange 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 inception fair value of $56.9 million and accrete to their maturity values totaling $103.0 million over their ten-year term, with the accretion classified as interest expense. As of September 30, 2001, the aggregate balance of the long-term obligations was $59.4 million while the aggregate balance of the embedded derivatives recorded on the balance sheet as "Other assets" was $26.2 million. For the three and nine months ended September 30, 2001, the fair value of the embedded derivative increased $19.4 million and $60.2 million, respectively. The increase in fair value was recorded in earnings as "Gain on marketable securities". On September 30, 2001, the fair market value of the 2.0 million shares of AMT previously reclassified as trading securities was $27.9 million. For the three and nine months ended September 30, 2001, the fair value of the AMT shares classified as trading securities had decreased $13.7 million and decreased $44.9 million, respectively. The change in the fair market value of these shares has been recorded in earnings as "Gain on marketable securities". For the nine months ended September 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. 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 September 30, 2001, cumulative translation losses of $123.9 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: COMMON STOCK WARRANTS

On September 18, 2001, common stock warrants, assumed by the Company as a part of our merger with Jacor, expired. Each warrant represented the right to purchase .2355422 shares of our common stock at an exercise price of $24.19 per full share. During the three months ended September 30, 2001, the Company received $122.2 million in proceeds and issued 5.1 million shares of common stock on the exercise of these warrants.

Note 7: COMMITMENTS AND CONTINGENCIES

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

Certain agreements relating to acquisitions provide for purchase price adjustments and other future contingent payments based on the financial performance of the acquired companies. The Company 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 the financial position or results of operations of the Company.

Note 8: SEGMENT DATA

The Company has three reportable 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)	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
Net revenue				
Radio Broadcasting	$ 2,564,928	$ 1,471,939	$ 866,106	$ 597,114
Outdoor Advertising	1,289,066	1,238,878	428,359	441,686
Live Entertainment	2,038,231	475,487	939,896	475,487
Other	314,587	184,858	100,777	81,222
Eliminations	(98,955)	(46,029)	(34,905)	(18,790)
Consolidated	$ 6,107,857	$ 3,325,133	$ 2,300,233	$ 1,576,719
Operating expenses				
Radio Broadcasting	$ 1,513,224	$ 869,176	$ 512,569	$ 329,896
Outdoor Advertising	869,439	777,428	292,419	275,686
Live Entertainment	1,869,393	418,516	843,753	418,516
Other	242,763	125,883	82,745	56,976
Eliminations	(98,955)	(46,029)	(34,905)	(18,790)
Consolidated	$ 4,395,864	$ 2,144,974	$ 1,696,581	$ 1,062,284
Depreciation and Amortization				
Radio Broadcasting	$ 1,233,948	$ 434,053	$ 425,613	$ 203,507
Outdoor Advertising	398,445	311,637	129,313	110,939
Live Entertainment	211,221	44,457	77,773	44,457
Other	67,758	30,653	20,072	13,156
Consolidated	$ 1,911,372	$ 820,800	$ 652,771	$ 372,059

SEGMENT DATA (Continued)

(In thousands)	Nine Months Ended September 30,		Three Months Ended September 30,	
	2001	2000	2001	2000
Operating income (loss)				
Radio Broadcasting	$ (182,244)	$ 165,014	$ (61,291)	$ 59,937
Outdoor Advertising	(11,493)	118,758	(7,665)	45,539
Live Entertainment	(73,952)	10,326	13,966	10,326
Other	(87,453)	(29,752)	(44,860)	(15,994)
Consolidated	$ (355,142)	$ 264,346	$ (99,850)	$ 99,808

	As of September 30,	
	2001	2000
Total identifiable assets		
Radio Broadcasting	$ 33,718,740	$ 33,957,501
Outdoor Advertising	7,860,459	7,393,146
Live Entertainment	5,548,670	5,338,228
Other	1,262,542	4,061,213
Consolidated	$ 48,390,411	$ 50,750,088

Net revenue of $929.6 million and $350.4 million for the nine and three months ended September 30, 2001, respectively and $649.5 million and $260.9 million for the nine and three months ended September 30, 2000, respectively, and identifiable assets of $2.9 billion and $2.5 billion as of September 30, 2001 and 2000, respectively are included in the data above and are derived from the Company's foreign operations.

Note 9: SUBSEQUENT EVENTS

On October 5, 2001, the Company entered into a merger agreement to acquire The Ackerley Group, Inc. ("Ackerley"). Ackerley holds a diversified group of outdoor, broadcasting and interactive media assets. This merger will be a tax-free, stock-for-stock transaction. Each share of Ackerley common stock will convert into 0.35 shares of the Company's common stock, on a fixed exchange basis, valuing the merger, based on average share value at the signing of the merger agreement, at approximately $474.9 million plus the assumption of Ackerley's debt, which was approximately $290.9 million at September 30, 2001. This merger is subject to regulatory approval and other closing conditions, including the approval from the Ackerley shareholders. The Company anticipates that this merger will close during the first half of 2002.

On October 26, 2001, the Company completed a debt offering of $750.0 million 6% Senior Notes due November 1, 2006. Interest is payable on May 1 and November 1 of each year. The first interest payment on the notes will be made on May 1, 2002. Net proceeds of approximately $744.1 million were used to reduce the outstanding balance of the Company's $1.8 billion revolving credit facility.

On October 22, 2001 and November 13, 2001, the Company sold 5.0 million shares and 5.4 million shares, respectively, of Lamar Advertising Company ("Lamar"). As a result of these sales, the Company received proceeds of $324.4 million, which will be used to pay down the Company's existing credit facility balance. In addition, the Company will recognize a loss of approximately $156.3 million related to the sale of these Lamar shares. At November 13, 2001, the Company no longer holds any Lamar common stock.

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 as a result of 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. Adjustments are made to the prior period to include the operating results of each 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 this 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.

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 Nine Months Ended September 30, 2001 to Three and Nine Months Ended September 30, 2000.

CONSOLIDATED

(In thousands)

	As Reported Three Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 2,300,233	$ 1,576,719	46%	(1%)
Operating Expenses	1,696,581	1,062,284	60%	8%
Corporate Expenses	48,150	39,417	22%	(23%)
EBITDA	$ 555,502	$ 475,018	17%	(17%)

	As Reported Nine Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 6,107,857	$ 3,325,133	84%	(3%)
Operating Expenses	4,395,864	2,144,974	105%	2%
Corporate Expenses	140,832	91,862	53%	(18%)
EBITDA	$ 1,571,161	$ 1,088,297	44%	(14%)

On a reported basis, net revenue and operating expenses increased primarily due to our 2000 acquisitions. Included in our three and nine months ended September 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 nine months ended September 30, 2001 due to an overall softening of the advertising industry, especially as compared to the strong advertising environment during the first nine months of 2000. During the first nine 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 and nine months ended September 30, 2001, operating expenses increased primarily due to the increase in revenue within the entertainment division during the current periods as compared to the prior periods. For the nine months ended September 30, 2001, the increase in operating expenses related to the additional sales and other operating costs associated with the increase in revenue in the entertainment division, which was partially offset by a decrease in operating expenses in the radio division. In addition, as discussed below, the terrorist attacks on September 11, 2001 negatively impacted the overall operating results for the three and nine months ended September 30, 2001. 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 $2.6 million and $14.9 million was recorded during the three and nine months ended September 30, 2001, respectively. This expense is primarily due to unvested stock options assumed in the AMFM merger 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 $10.8 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 $6.2 million over the next five years relating to these specific contracts.

For the three and nine months ended September 30, 2000 and 2001, depreciation and amortization expense increased from $372.1 million and $820.8 million, respectively to $652.8 million and $1.9 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 nine months ended September 30, 2001, we disposed of certain assets deemed to be no longer necessary in our ongoing operations. 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 identify assets to be disposed of, we will possibly recognize additional depreciation and amortization expense.

Interest expense was $428.7 million and $230.8 million for the nine months ended September 30, 2001 and 2000, respectively. For the three months ended September 30, 2001 and 2000, interest expense increased $29.4 million from $105.3 million to $134.7 million, a 28% increase. The increase was due to the overall increase in average amounts of debt outstanding, partially offset by the decrease in LIBOR rates. At September 30, 2001, approximately 47% of our debt is variable-rate debt that bears interest based upon LIBOR. The 1-Month LIBOR rates decreased from 6.62% at September 30, 2000 to 2.63% at September 30, 2001.

The loss on sale of assets related to mergers for the nine months ended September 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. Subsequent to September

30, 2001, we sold all of our remaining shares of Lamar and received proceeds of $324.4 million, which will be used to pay down our existing credit facility balance. As a result of these sales of Lamar shares, we will recognize a loss of approximately $156.3 million.

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 nine months ended September 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 $5.7 million and $15.3 million during the three and nine months ended September 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 nine months ended September 30, 2001 was $11.6 million as compared to $18.0 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 September 30, 2001 declined $1.4 million from $8.4 million for the three months ended September 30, 2000 to $7.0 million for the three months ended September 30, 2001.

For the three and nine months ended September 30, 2001, Other income (expense) - net was an expense of $1.7 million and $19.0 million, respectively, as compared to an expense of $9.0 million and $7.3 million in the same periods of 2000, respectively. The additional expense recognized for the nine months ended September 30, 2001 related primarily to the reimbursements of capital costs within certain operating contracts as well as other miscellaneous expenses. The decrease in expense recognized for the three months ended September 30, 2001 related primarily to gains recognized related to the sale of national representation contracts.

Income taxes for the three and nine months ended September 30, 2001 and 2000 were provided at the federal and state statutory rates plus permanent differences. The effective rates in all periods presented have been adversely impacted by permanent differences, primarily amortization of intangibles that is not deductible for tax purposes.

The September 11, 2001 Terrorist Attacks

We have been affected by the events of September 11, 2001, in New York, Washington, D.C., and Pennsylvania, as well as by the actions taken by the United States in response to such events. At this time, it is not known how significant the ongoing effect of these events will be on the radio broadcasting, outdoor advertising or live entertainment industries. However, as a result of expanded news coverage following the attacks and subsequent military action, we experienced a loss in advertising revenues and increased incremental operating expenses. The events of September 11 have further depressed economic activity in the United States and globally, including the markets in which we operate. As of the date of this report, we cannot determine whether the September 11 events or their aftermath will have a material impact on our financial position or our results of operations.

RADIO BROADCASTING

(In thousands)

	As Reported Three Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma

Net Revenue	$ 866,106	$ 597,114	45%	(8%)
Operating Expenses	512,569	329,896	55%	1%
EBITDA	$ 353,537	$ 267,218	32%	(19%)

	As Reported Nine Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 2,564,928	$ 1,471,939	74%	(8%)
Operating Expenses	1,513,224	869,176	74%	(3%)
EBITDA	$ 1,051,704	$ 602,763	74%	(13%)

Net revenues and operating expenses increased on a reported basis due to our acquisitions completed during 2000. Included in our three and nine months ended September 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 for the three and nine months ended September 30 decreased due to weak economic conditions in 2001 versus the high inventory demands and advertising rates experienced during the first nine months of 2000 related to the overall strength of the U.S. economy and the rapid growth of the Internet industry. In addition, as previously discussed, the terrorist attacks of September 11, 2001 negatively impacted net revenue. On a pro forma basis, operating expenses for the nine months ended September 30, 2001 decreased primarily due to the decrease in net revenue.

OUTDOOR ADVERTISING

(In thousands)

	As Reported Three Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 428,359	$ 441,686	(3%)	(9%)
Operating Expenses	292,419	275,686	6%	(1%)
EBITDA	$ 135,940	$ 166,000	(18%)	(23%)

	As Reported Nine Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 1,289,066	$ 1,238,878	4%	(5%)
Operating Expenses	869,439	777,428	12%	1%
EBITDA	$ 419,627	$ 461,450	(9%)	(16%)

Net revenues decreased during the three months ended September 30, 2001 as compared to the same period of 2000 due to difficult comparisons to the prior year period. Net revenues and operating expenses increased for the nine months ended September 30, 2001 as compared to the same period of 2000 on a reported basis due to our acquisitions completed during 2000. Included in the three and nine months ended September 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, net revenues decreased during the three and nine months ended September 30, 2001 as compared to the same periods of 2000 as a result of both a decrease in rates charged and occupancy of the

billboards and street furniture. Pro forma operating expenses decreased during the three months ended September 30, 2001 as a result of the decrease in revenue, whereas pro forma operating expenses increased during the nine months ended September 30, 2001 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 September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 939,896	$ 475,487	n/a	15%
Operating Expenses	843,753	418,516	n/a	15%
EBITDA	$ 96,143	$ 56,971	n/a	15%

	As Reported Nine Months Ended September 30,		% Change	% Change
	2001	2000	As Reported	Pro Forma
Net Revenue	$ 2,038,231	$ 475,487	n/a	7%
Operating Expenses	1,869,393	418,516	n/a	8%
EBITDA	$ 168,838	$ 56,971	n/a	(1%)

We entered the live entertainment business with our acquisition of SFX in August 2000. Therefore, the as reported amounts shown above for the three and nine months ended September 30, 2000 only represents the results of operations for two months in 2000 as compared to the full three and nine month periods in 2001. On a pro forma basis, net revenue increased during the three and nine months ended September 30, 2001 as compared to the same periods of the prior year due to a change in the mix of live music 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. 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 those for 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 September 30, 2001 and December 31, 2000 we had the following debt outstanding:

(In millions)

	September 30, 2001		December 31, 2000
Credit facilities – domestic	$ 2,713.6		$ 3,203.8
Credit facility – international	69.1		118.3
Senior convertible notes	1,575.0		1,575.0
Liquid Yield Option Notes	242.5	(a)	497.1
Long-term bonds	5,257.3	(b)	5,153.6
Other borrowings	165.1		132.4
Total Debt	10,022.6	(c)	10,680.2

Less: Cash and cash equivalents	266.4	196.8
	$ 9,756.2	$ 10,483.4

(a) Includes $44.4 million in unamortized fair value purchase accounting adjustment related to the merger with Jacor Communications, Inc.
(b) Includes $68.7 million in unamortized fair value purchase accounting adjustments related to the mergers with AMFM. Also includes $131.6 million related to fair value adjustments for interest rate swap agreements.
(c) Total face value of outstanding debt was $9.9 billion at September 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 September 30, 2001, $1.6 billion was outstanding and, taking into account outstanding letters of credit, $203.1 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 28, 2002 maturity, to convert into a term loan with a three-year maturity. There was no amount outstanding at September 30, 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 September 30, 2001, the outstanding balance was $1.1 billion and, taking into account letters of credit, $297.4 million was available for future borrowings.

During the nine months ended September 30, 2001, we made principal payments totaling $2.3 billion and drew down $1.8 billion on these credit facilities. As of November 9, 2001, the credit facilities aggregate outstanding balance was $1.7 billion and, taking into account outstanding letters of credit, $2.9 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 September 30, 2001, approximately $67.0 million was available for future borrowings and $69.1 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	(362,075)
Interest, net of fees	4,626
Expired amount refunded	(311,692)

Restricted cash balance at September 30, 2001	$ —

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 nine months ended September 30, 2001, we received proceeds of $595.6 million relating to the sale of 14.5 million shares of Lamar common stock. Subsequent to September 30, 2001, we received proceeds of $324.4 million relating to the sale of our remaining 10.4 million shares of Lamar common stock. These proceeds will be used to pay down our existing credit facility balance.

Common Stock Warrants

We assumed common stock warrants, with an expiration date of September 18, 2001, as a part of our merger with Jacor. Each warrant represented the right to purchase .2355422 shares of our common stock at an exercise price of $24.19 per full share. During the three months ended September 30, 2001, we received $122.2 million in proceeds and issued 5.1 million shares of common stock on the exercise of these warrants.

Issuance of Public Debt

On October 26, 2001, we completed a debt offering of $750.0 million 6% Senior Notes due November 1, 2006. Interest is payable on May 1 and November 1 of each year. The first interest payment on the notes will be made on May 1, 2002. Net proceeds of approximately $744.1 million were used to reduce the outstanding balance of our $1.8 billion revolving credit facility.

USES OF CAPITAL

Acquisitions

During the nine months ended September 30, 2001, we acquired 174 radio stations in 56 markets for $75.9 million in cash, $350.4 million in restricted cash plus the exchange of eight radio stations. We also acquired approximately 4,100 additional outdoor display faces in 32 domestic markets and approximately 17,550 additional display faces in 38 international markets for a total of $286.7 million in cash. Our outdoor segment also acquired investments in non-consolidated affiliates for a total of $19.2 million in cash. During the nine months ended September 30, 2001, our live entertainment segment acquired music, sports and racing events, promotional assets and sports talent representation contracts for $75.7 million in cash. We also acquired two FCC licenses of television stations, both of which we had previously been operating under a local marketing agreement, national representation contracts, and other Internet assets for a total of $61.9 million in cash and $11.7 million in restricted cash.

Pending Merger

On October 5, 2001, we entered into a merger agreement to acquire The Ackerley Group, Inc. Ackerley holds a diversified group of outdoor, broadcasting and interactive media assets. This merger will be a tax-free, stock-for-stock transaction. Each share of Ackerley common stock will convert into 0.35 shares of our common stock, on a fixed exchange basis, valuing the merger, based on average share value at the signing of the merger agreement, at approximately $474.9 million plus the assumption of Ackerley's debt, which was approximately $290.9 million at September 30, 2001. This merger is subject to regulatory approval and other closing conditions, including the approval from the Ackerley shareholders. We anticipate that this merger will close during the first half of 2002.

Capital Expenditures

Capital expenditures increased from $320.4 million for the nine months ended September 30, 2000 to $419.4 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 nine months ended September 30, 2001 as compared to the nine months ended September 30, 2000. In addition, we incurred capital expenditures related to our new live entertainment segment during the nine months ended September 30, 2001 that we did not incur in the same period of 2000. The increase for the nine months ended September 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)

	Nine Months Ended September 30, 2001 Capital Expenditures				
	Radio	Outdoor	Entertainment	Other	Total
Recurring	$ 29.5	$ 45.2	$ 9.5	$ 10.5	$ 94.7
Non-recurring projects	79.8	14.5	25.5	61.7	181.5
Revenue producing	—	128.2	15.0	—	143.2
	$ 109.3	$ 187.9	$ 50.0	$ 72.2	$ 419.4

Our radio broadcasting capital expenditures during the nine months ended September 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 nine months ended September 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 nine months ended September 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 nine months ended September 30, 2001 is the purchase of land for an additional corporate facility to replace leased space, deposits on certain corporate assets, 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 September 30, 2001 was $242.5 million.

Other

During the nine months ended September 30, 2001, we made cash tax payments of $450.0 million relating to gains realized on divested radio stations during 2000. Also, we made payments of approximately $200.3 million related to severance and other merger related expenses during the nine months ended September 30, 2001.

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 September 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 nine months ended September 30, 2001 interest expense would have changed by $90.7 million and that our nine months ended September 30, 2001 net loss would have changed by $56.2 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 September 30, 2001 was an asset of $131.6 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 September 30, 2001 by $108.2 million and would change accumulated comprehensive income by $67.1 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 September 30, 2001, we held 10.4 million shares of Lamar Advertising

common stock valued at $314.3 million. Subsequent to September 30, 2001, we sold all of our remaining shares of Lamar common stock. As a result of these sales, we will recognize a loss of approximately $156.3 million.

Foreign Currency

We have operations in 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 international currency fluctuations, we maintain a natural hedge through borrowings in currencies other than U.S. dollar. We review this hedge position monthly. We currently 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 $20.1 million for the nine months ended September 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 nine months ended September 30, 2001 by $2.0 million.

Recent Accounting Pronouncements

On July 1, 2001, we adopted 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 Preacquisition 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. As we have historically used the purchase method to account for all business combinations, adoption of this statement did not have a material impact on our 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 lived 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 nine months ended September 30, 2001, amortization expense related to goodwill and indefinite lived intangibles was approximately $440 million and $1.3 billion, respectively. We are currently evaluating valuation techniques as well as other implementation issues. Our preliminary assessment is that an impairment charge under the new requirements of Statement 142 may possibly be recorded upon the adoption of Statement 142.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Statement 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes Financial Accounting Standards No. 121, *Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of*. Statement 144 is effective for fiscal years beginning after December 15, 2001. Statement 144 removes goodwill from its scope and retains the requirements of Statement 121 regarding the recognition of impairment losses on long-lived assets held for use. The Statement modifies the accounting for long-lived assets to be disposed of by sale and long-lived assets to be disposed of by other than by sale. We do not believe adoption of this statement will materially impact our financial position or results of operations.

Ratio

The ratio of earnings to fixed charges is as follows:

9 Months Ended September 30,		Year Ended December 31,				
2001	2000	2000	1999	1998	1997	1996
(.41)	3.58	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 nine-month period ended September 30, 2001, fixed charges exceeded earnings before income taxes and fixed charges by $830.8 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 and political developments in the U.S. and in other countries in which we currently do business, including the effects of the September 11, 2001 terrorist attacks and their aftermath;
- competition and general conditions in our radio broadcasting, outdoor advertising and live entertainment industries;
- our ability to integrate the operations of recently acquired companies;
- the availability of acceptable acquisition opportunities;
- shifts in population and other demographics;
- 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, including the policies of the FCC, DOJ and FTC with respect to the conduct of our business and, the consummation of future or pending acquisitions;
- 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 6. Exhibits and Reports on Form 8-K

(a) Exhibits. See Exhibit Index on Page 26
(b) Reports on Form 8-K

Filing	Date	Items Reported	Financial Statements Reported
8-K	10/09/01	Item 5 to announce signing of a merger agreement with The Ackerley Group, Inc.	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 November 13, 2001

____
Randall T. Mays
Executive Vice President and
Chief Financial Officer

Date November 13, 2001

____
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).
2.3	Agreement and Plan of Merger dated October 5, 2001, among Clear Channel Communications, Inc., The Ackerley Group, Inc., and CCMM Sub, Inc. (incorporated by reference to the exhibits of Clear Channel's Current Report on Form 8-K filed October 9, 2001).
2.4	Stockholder Voting and Support Agreement dated October 5, 2001, between Clear Channel Communications, Inc. and Barry A. Ackerley (incorporated by reference to the exhibits of Clear Channel's Current Report on Form 8-K filed October 9, 2001).
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

Exhibit Number	Description
	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).
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).
4.12	Tenth Supplemental Indenture dated October 26, 2001, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee.
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)

	Nine Months Ended September 30,			
	2001		2000	
Numerator:				
Net income (loss)	$ (778,427)		$ 440,760	
Effect of dilutive securities:				
Convertible debt – 2.625% issued in 1998	7,019	*	7,358	
Convertible debt – 1.5% issued in 1999	6,975	*	7,313	
LYONS – 1996 issue	(225)	*	(364)	
LYONS – 1998 issue	3,426	*	3,427	
Less: Anti-dilutive items	17,195		—	
Numerator for net income (loss) per common share - diluted	$ (778,427)		$ 458,494	
Denominator:				
Weighted average common shares	590,015		370,099	
Effect of dilutive securities:				
Stock options and common stock warrants	14,063	*	10,063	
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	2,324	*	3,871	
LYONS – 1998 issue	3,085	*	3,085	
Less: Anti-dilutive items	38,208		—	
Denominator for net income per common share - diluted	590,015		405,854	
Net income (loss) per common share:				
Basic	$ (1.32)		$ 1.19	
Diluted	$ (1.32)		$ 1.13	

* 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)

	Nine Months Ended September 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	(830,752)	831,394	688,384	220,213	117,922	104,077	71,240
Dividends and other received from nonconsolidated affiliates	4,332	8,818	4,934	7,079	9,168	4,624	10,430
Total	(826,420)	840,212	693,318	227,292	127,090	108,701	81,670
Fixed Charges							
Interest expense	441,635	244,875	413,425	192,321	135,766	75,076	30,080
Amortization of loan fees	10,995	234	12,401	1,970	2,220	1,451	506
Interest portion of rentals	132,565	80,416	150,317	24,511	16,044	6,120	424
Total fixed charges	585,195	325,525	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	585,195	325,525	576,143	218,802	154,030	82,647	31,010
Total earnings available for payment of fixed charges	(241,225)	1,165,737	1,269,461	446,094	281,120	191,348	112,680
Ratio of earnings to fixed Charges	(.41)	3.58	2.20	2.04	1.83	2.32	3.63
Rental fees and charges	378,757	321,665	429,476	306,393	200,550	76,500	5,299
Interest rate	35%	25%	35%	8%	8%	8%	8%