# Clear Channel Reports Third Quarter 2002 Results

- **Free Cash Flow increases 108% to $419 Million**
- **EBITDA up 11% to $616 Million**
- **Revenues of $2.34 Billion, up 2%**

**San Antonio, Texas October 29, 2002** Clear Channel Communications, Inc. (NYSE: CCU) today reported results for its third quarter ended September 30, 2002.

The Company reported revenues for the third quarter of 2002 of $2.34 billion, an increase of 2% when compared with 2001 reported revenues of $2.30 billion. EBITDA as adjusted (defined as operating cash flow less corporate expenses, referred to as "EBITDA") was $616 million, compared to $556 million for the same period in 2001, an increase of 11%. Attributable EBITDA (defined as EBITDA including nonconsolidated affiliates owned in both periods, referred to as "Attributable EBITDA") for the third quarter of 2002 was $635 million, compared to $577 million for the third quarter of 2001, an increase of 10%.

For the third quarter of 2002, free cash flow (defined as EBITDA less interest expense, taxes and non-revenue producing capital expenditures) increased 108% to $419 million or $0.66 per share, compared to $201 million or $0.33 per share for the same period in 2001.

Clear Channel reported net earnings of $213 million, or $0.34 per diluted share for the third quarter of 2002. This compares to a net loss of $232 million or a net loss of $0.39 per diluted share in the third quarter of 2001. Assuming the adoption of FAS 142 "Goodwill and Other Intangibles" had occurred at the beginning of 2001, net earnings would have been $119 million or $0.20 per diluted share for the third quarter of 2001, representing an increase of 70% on a per share basis.

On a pro forma basis, the Company reported third quarter 2002 revenues of $2.31 billion, a decline of 3% when compared with last year's third quarter revenues of $2.38 billion. Pro forma EBITDA was $612 million, an increase of 8% when compared to $567 million for the third quarter of 2001.

"I am proud that Clear Channel is on a strong and steady course to compete fairly in our industries, grow our business honestly and manage our business with integrity. I am proud that we work aggressively for all our constituents. We've operated this Company that way for 30 years and it's what we are going to continue to do. The fundamentals of our business are sound and I am very proud of the results we are seeing as our people continue to focus on serving our customers and communities," said **Lowry Mays, Chairman and Chief Executive Officer.**

"We have always said that the biggest strength of this company is our ability to develop the very best management teams in our businesses. Our divisional leaders have worked hard with their teams to maximize our collection of assets to serve our customers and our communities. If we continue to work hard for our customers and our communities, we will win for our shareholders." said **Mark Mays, President and Chief Operating Officer**.

**Segment Operating Results**

**RADIO:** Clear Channel Radio revenues were $964 million, an increase of 11% over the same period in 2001, and EBITDA was $418 million, reflecting an increase of 18% over the same period in 2001. On a pro forma basis, revenues for the quarter increased 9% and EBITDA increased 17% when compared to the same period in 2001.

John Hogan, CEO of Clear Channel Radio, stated, "The third quarter, my first as Radio CEO, saw a number of positive moves. Our markets continued gaining traction through strong revenue growth. Our structure and initiatives continued supporting the decentralized responsibility and accountability of our managers, while providing unparalleled resources to help them run their clusters."

The deep and strong management team of Clear Channel Radio established clarity of purpose and vision with the 400+ managers during the Clear Channel corporate meeting in September. During the third quarter, Radio restructured its programming initiatives to provide more resources to the local markets and empowered them more fully to make local programming decisions. Clear Channel Radio's stations saw significant audience growth in key markets such as New York and Los Angeles.

The division's early focus on 2003 planning and expense management, and its focus on sales staffing, innovations and overall results, are leading the way for this growth and success to continue.

**OUTDOOR:** During the third quarter of 2002, Clear Channel Outdoor revenues were $478 million, an increase of 12%, and EBITDA was $131 million, a decrease of 3%. On a pro forma basis, third quarter revenues declined 1% and EBITDA declined 11% when compared to the same period in 2001.

The U.S. outdoor business is beginning to see recovery. Most markets grew their revenues significantly as two important operating units, the San Francisco market and the Airports division, lagged behind the rest of the country. The outdoor division was able to impact its operations by filling key management positions and increasing its national sales staff. All U.S. Outdoor markets are growing the local sales staffs in an attempt to continue to increase advertising demand.

Our international outdoor operations continue to improve in the sluggish international markets. The management team is working hard to drive cash flow by optimizing the return on existing assets. They will continue to focus on their core markets, growing sales and marketing efforts where it will be most profitable.

**ENTERTAINMENT:** Clear Channel Entertainment's third quarter 2002 revenues declined 16% to $790 million and EBITDA declined 18% to $79 million when compared to the same period in 2001. On a pro forma basis, third quarter 2002 revenues declined 18%, while EBITDA declined 20% when compared to the same period in 2001.

Despite the year-over-year decline in attendance, the diversity of entertainment events in the Clear Channel Entertainment division continues. The current projects include musical tours like the Rolling Stones and Aerosmith, Broadway shows touring in 40+ markets, The Titanic and African exhibits in major museums, family entertainment shows like The Nutcracker, and sporting events like the NFL season kickoff event in Times Square. Clear Channel Entertainment also continues to drive GetAccess, its on-line-ticket marketing program. All of these products combine to give sponsors' national programs that engage and reach the entertainment consumers.

**Operating Results**
**(in $000s)**

Below are the consolidated reported and pro forma results for the third quarter of 2002 versus 2001.

| ***Revenue*** | 3rd Quarter | | | | | |
|---|---|---|---|---|---|---|
| | Reported | | | Pro forma (a) | | |
| | 2002 | 2001 | % Change | 2002 | 2001 | % Change |
| Radio | $964,123 | $866,106 | 11.3% | $964,123 | $881,396 | 9.4% |
| Outdoor | 478,188 | 428,359 | 11.6% | 461,005 | 463,821 | (0.6%) |
| Entertainment | 789,793 | 939,896 | (16.0%) | 776,815 | 943,389 | (17.7%) |
| Other | 143,844 | 100,777 | 42.7% | 143,844 | 126,385 | 13.8% |
| Eliminations | (35,523) | (34,905) | 1.8% | (35,523) | (34,905) | 1.8% |
| Consolidated | $2,340,425 | $2,300,233 | 1.7% | $2,310,264 | $2,380,086 | (2.9%) |

| ***EBITDA*** | 3rd Quarter | | | | | |
|---|---|---|---|---|---|---|
| | Reported | | | Pro forma (a) | | |
| | 2002 | 2001 | % Change | 2002 | 2001 | % Change |
| Radio | $417,990 | $353,537 | 18.2% | $417,990 | $357,082 | 17.1% |
| Outdoor | 131,470 | 135,940 | (3.3%) | 129,446 | 144,816 | (10.6%) |
| Entertainment | 78,846 | 96,143 | (18.0%) | 77,458 | 97,217 | (20.3%) |
| Other | 31,748 | 18,032 | 76.1% | 31,748 | 18,966 | 67.4% |
| Corporate | (44,385) | (48,150) | (7.8%) | (44,385) | (51,453) | (13.7%) |
| Consolidated | $615,669 | $555,502 | 10.8% | $612,257 | $566,628 | 8.1% |

(a) Includes adjustments to the prior period (2001) for all 2001 and 2002 acquisitions for the same time frame as actually owned in the current period (2002). The 2002 pro forma includes an adjustment for foreign exchange to present results in constant dollars. Divestitures are excluded from both 2001 and 2002.

**Free Cash Flow**
**(in $000s, except per share data)**

| | Three Months Ended September 30th | | |
|---|---|---|---|
| | 2002 | 2001 | % Chg. |
| EBITDA as Adjusted (b) | $615,669 | $555,502 | |
| Interest Expense | (107,935) | (134,744) | |
| Current Tax Benefit (Expense) (c) | (36,735) | (122,561) | |
| Non-Revenue Producing Capital Expenditures | (52,407) | (97,300) | |
| Total Free Cash Flow | $418,592 | $200,897 | +108% |
| Total Free Cash Flow Per Share | $0.66 | $0.33 | +100% |
| Weighted-Average Shares Outstanding (d) | 630,846 | 606,028 | |

(b) Defined as operating cash flow less corporate expenses.
(c) Current tax benefit (expense) reflects adjustments for non-routine deferred tax items of ($11,414) for 2002 and $0 for 2001.
(d) The 2001 amount includes an additional 12,037 shares used to calculate both adjusted earnings per share as required by FAS 142 and free cash flow per share.

**Selected Balance Sheet Information**

**(in $000s)**

| | Sept. 30, 2002 | June 30, 2002 |
|---|---|---|
| Current Assets | $2,209,789 | $2,247,603 |
| Net Property, Plant and Equipment | 4,149,099 | 4,146,190 |
| Total Assets | 27,688,406 | 27,689,848 |
| Current Liabilities (excluding current portion of long-term debt) | 1,805,454 | 1,920,854 |
| Long-Term Debt (including current portion of long-term debt) | 9,092,758 | 9,298,745 |
| Shareholders' Equity | 13,990,516 | 13,758,875 |

**Capital Expenditures**
**(in $000s)**

Capital expenditures for the third quarter were:

| | |
|---|---|
| Recurring | $ 19,507 |
| Non-recurring projects | 32,900 |
| Revenue producing | 56,214 |
| Total capital expenditures | $ 108,621 |

The Company defines recurring capital expenditures as those expenditures that are required each year. Non-recurring projects are expenditures arising from the integration of newly acquired entities. Revenue producing is discretionary capital investment for new revenue streams.

The Company previously provided capital expenditures guidance for the full year 2002 of $675 million and $550-$575 million for the full-year 2003. Capital expenditures for 2002 are now expected to be $600-$625 million, and the Company reiterates its guidance of $550-$575 million for 2003.

## Liquidity and Financial Position

At September 30, 2002, Clear Channel had net long-term debt of $9.0 billion [e] consisting of $1.6 billion of bank debt, $7.0 billion of public notes and convertible notes and $400 million of other debt, net of cash.

Leverage, defined as net long-term debt divided by the trailing 12-month pro forma EBITDA as adjusted, was 4.6x at September 30, 2002.

Clear Channel has three domestic bank credit facilities with $2.6 billion available at September 30, 2002.

(e) Net long-term debt includes letters of credit and third-party debt guarantees of $278 million. It does not include purchase accounting premiums and fair value of interest rate swaps of $229 million included in long-term debt on the balance sheet.

## Guidance

The Company believes that, based on the current economic and advertising environment, Fourth Quarter 2002 EBITDA will be in the range of $525-550 million. This would represent an increase in 4th quarter EBITDA of 48-55% when compared with 4th quarter 2001 pro forma EBITDA of $355 million. It would also represent an increase of approximately 10% in EBITDA for the full year when compared to the Company's full-year pro forma EBITDA in 2001.

Based on this estimate of full-year EBITDA, the Company expects to generate approximately $1.2 billion of free cash flow as defined above for the full year 2002. This would represent free cash flow growth of approximately 50% when compared to the same period in 2001.

## Conference Call

Our third quarter 2002 earnings conference call will be held today at 9:00 a.m. Eastern Time. The dial-in number is 801-983-4013 and a pass code is not required. Please call 10 minutes prior to the beginning of the call to ensure that you are connected before the start of the presentation. The teleconference will also be available via a live audio cast on the Company's website, located at http://www.clearchannel.com. A replay of the call will be available for 72 hours after the conference call. The replay number is 402-220-1490 and the pass code 1364. The audio cast will also be archived on the Company's website and will be available beginning 24 hours after the call for a period of one week.

## About Clear Channel Worldwide

Visit our website at http://www.clearchannel.com.

Clear Channel Worldwide, headquartered in San Antonio, Texas, is a global leader in the out-of-home advertising and entertainment industries with radio and television stations, outdoor advertising displays, and live entertainment productions and venues throughout the US and in 65 countries around the world.

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***The numbers contained within this release are unaudited. Certain statements in this release constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The words or phrases "guidance," "expect," "anticipate," "estimates" and "forecast" and similar words or expressions are intended to identify such forward-looking statements. In addition, any statements that refer to expectations or other characterizations of future events or circumstances are forward-looking statements. Various risks that could cause future results to differ from those expressed by the forward-looking statements included in this release include, but are not limited to: changes in economic conditions in the U.S. and in other countries in which Clear Channel currently does business (both general and relative to the advertising and entertainment industries); fluctuations in interest rates; changes in industry conditions; changes in operating performance; shifts in population and other demographics; changes in the level of competition for advertising dollars; fluctuations in operating costs; technological changes and innovations; changes in labor conditions; changes in governmental regulations and policies and actions of regulatory bodies; fluctuations in exchange rates and currency values; changes in tax rates; changes in capital expenditure requirements and access to capital markets. Other key risks are described in the Clear Channel Communications' reports filed with the U.S. Securities and Exchange Commission. Except as otherwise stated in this news announcement, Clear Channel Communications does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.***

**FINANCIAL HIGHLIGHTS**
**Clear Channel Communications, Inc. and Subsidiaries**
**Unaudited**
**(In thousands of dollars, except per share data)**

| | Three months ended September 30, | | |
|---|---|---|---|
| | **2002** | **2001** | **% Change** |
| **Revenue** | **$2,340,425** | **$2,300,233** | **2%** |
| Divisional operating expenses | 1,680,371 | 1,696,581 | |
| Operating cash flow | 660,054 | 603,652 | 9% |
| Corporate expenses | 44,385 | 48,150 | |
| **EBITDA as adjusted (1)** | **615,669** | **555,502** | **11%** |
| Non-cash compensation expense | 936 | 2,581 | |
| Depreciation and amortization | 160,503 | 652,771 | |
| Interest expense | 107,935 | 134,744 | |
| Gain (loss) on marketable securities | (16,009) | 5,707 | |
| Equity in earnings of nonconsolidated affiliates | 5,906 | 7,011 | |
| Other income (expense) - net | 20,974 | (1,651) | |
| Income (loss) before income taxes and cumulative effect of a change in accounting principle | 357,166 | (223,527) | |
| Income tax (expense) benefit: | | | |
| Current | (25,321) | (122,561) | |
| Deferred | (119,331) | 113,890 | |
| **Net income (loss)** | **$212,514** | **($232,198)** | **192%** |
| Net income (loss) per share: | | | |
| **Basic** | $0.35 | ($0.39) | |
| **Diluted** | $0.34 | ($0.39) | |
| Net income per share adjusted for adoption of FAS 142 (2): | | | |
| Basic | $0.35 | $0.20 | 75% |
| Diluted | $0.34 | $0.20 | 70% |
| Attributable operating cash flow (3) | $680,774 | $626,671 | 9% |
| Attributable EBITDA (4) | $635,448 | $576,534 | 10% |
| Free cash flow (5) | $418,592 | $200,897 | 108% |
| Free cash flow per share | $0.66 | $0.33 | 100% |
| Weighted Average Shares Outstanding - Diluted (6) | 630,846 | 593,991 | |

(1) Defined as cash flow from operations less corporate expenses.
(2) Adjusted to present the impact of FAS 142 on net income per share as if FAS 142 had been in effect for the three months ended September 30, 2001.
(3) Defined as cash flow from operations (including nonconsolidated affiliates owned in both periods presented).
(4) Defined as cash flow from operations less corporate expenses (including nonconsolidated affiliates owned in both periods presented).
(5) Defined as EBITDA as adjusted less interest expense, tax expense and non-revenue producing capital expenditures.
(6) The 2001 amount does not include an additional 12,037 shares for the three months ended September 30, 2001 used to calculate both adjusted earnings per share as required by FAS 142 and free cash flow per share.