CLEAR CHANNEL COMMUNICATIONS INC
Form 424B5
April 28, 2003

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-76942

PROSPECTUS SUPPLEMENT
APRIL 24, 2003
(TO PROSPECTUS DATED APRIL 4, 2002)

$500,000,000

(CLEAR CHANNEL LOGO)

CLEAR CHANNEL COMMUNICATIONS, INC.

4.25% SENIOR NOTES DUE 2009

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We will pay interest on the notes on May 15 and November 15 of each year, beginning November 15, 2003. The notes will mature on May 15, 2009. We may redeem some or all of the notes at any time and from time to time at a redemption price described under the caption "Description of the Notes -- Optional Redemption."

The notes will be unsecured obligations and will rank equally with our other unsecured senior indebtedness from time to time outstanding. The notes will be issued only in denominations of $1,000 and in integral multiples of $1,000.

SEE "RISK FACTORS" BEGINNING ON PAGE S-4 FOR A DISCUSSION OF CERTAIN RISKS YOU SHOULD CONSIDER IN CONNECTION WITH INVESTING IN THE NOTES.

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| | PER NOTE | TOTAL |
|---|---|---|
| Public offering price(1) | 99.882% | $499,410,000 |
| Underwriting discount | 0.425% | $ 2,125,000 |
| Proceeds, before expenses, to Clear Channel(1) | 99.457% | $497,285,000 |

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(1) Plus accrued interest, if any, from May 1, 2003, if settlement occurs after that date.

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

The underwriter expects to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, societe anonyme, on or about May 1, 2003.

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BANC OF AMERICA SECURITIES LLC

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT





You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement

is accurate as of the date on the front cover of this prospectus supplement only. Our business, financial condition, results of operations and prospects may have changed since that date.

References to "Clear Channel," "we," "us" and "our" in this prospectus supplement and the accompanying prospectus are to Clear Channel Communications, Inc. and its consolidated subsidiaries.

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement contains forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us, including, among other things:

- the impact of general economic conditions in the United States and in other countries in which we currently do business;
- the impact of the geopolitical environment;
- the effect of leverage on our financial position and earnings;
- our ability to integrate the operations of recently acquired companies;
- shifts in population and other demographics;
- industry conditions, including competition;
- fluctuations in operating costs;
- technological changes and innovations;
- changes in labor conditions;
- fluctuations in exchange rates and currency values;
- capital expenditure requirements;
- litigation settlements;
- legislative or regulatory requirements;
- interest rates;
- taxes;
- access to capital markets; and
- additional risks referenced in this prospectus supplement, the documents incorporated by reference herein and our other filings with the Securities and Exchange Commission ("SEC").

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or other factors. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur as currently contemplated.

## RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference before deciding whether to purchase our securities.

### WE HAVE A LARGE AMOUNT OF INDEBTEDNESS

We currently use a significant portion of our operating income for debt service. Our leverage could make us vulnerable to an increase in interest rates or a downturn in the operating performance of our businesses or a decline in general economic conditions. At December 31, 2002, we had debt outstanding of $8.8 billion and shareholders' equity of $14.2 billion. We anticipate that approximately $1.4 billion of outstanding indebtedness will mature during calendar year 2003. We may continue to borrow funds to finance acquisitions of radio broadcasting, outdoor advertising and live entertainment properties, as well as for other purposes. Our debt obligations could increase substantially because of the debt levels of companies that we may acquire in the future. As of December 31, 2002, we were permitted to borrow up to $1.4 billion under our reducing revolving credit facility at a floating rate equal to the London InterBank Offered Rate ("LIBOR") plus 0.5% and up to $1.5 billion under our multi-currency credit facility at a floating rate, which at December 31, 2002 was equal to LIBOR plus 0.625%. As of December 31, 2002, we had outstanding borrowings of approximately $555.0 million under our reducing revolving credit facility and $1.5 million under our multi-currency facility.

Such a large amount of indebtedness could have negative consequences for us, including without limitation:

- limitations on our ability to obtain financing in the future;
- much of our cash flow will be dedicated to interest obligations and unavailable for other purposes;
- the high level of indebtedness limits our flexibility to deal with changing economic, business and competitive conditions; and
- the high level of indebtedness could make us more vulnerable to an increase in interest rates, a downturn in our operating performance or a decline in general economic conditions.

The failure to comply with the covenants in the agreements governing the terms of our or our subsidiaries' indebtedness could be an event of default and could accelerate the payment obligations and, in some cases, could affect other obligations with cross-default and cross-acceleration provisions.

### OUR BUSINESS IS DEPENDENT UPON THE PERFORMANCE OF KEY EMPLOYEES, ON-AIR TALENT AND PROGRAM HOSTS

Our business is dependent upon the performance of certain key employees. We employ or independently contract with several on-air personalities and hosts of syndicated radio programs with significant loyal audiences in their respective markets. Although we have entered into long-term agreements with some of our executive officers, key on-air talent and program hosts to protect our interests in those relationships, we can give no assurance that all or any of these key employees will remain with us or will retain their audiences. Competition for these individuals is intense and many of our key employees are at-will employees who are under no legal obligation to remain with us. Our competitors may choose to extend offers to any of these individuals on terms which we may be unwilling

to meet. In addition, any or all of our key employees may decide to leave for a variety of personal or other reasons beyond our control. Furthermore, the popularity and audience loyalty of our key on-air talent and program hosts is highly sensitive to rapidly changing public tastes. A loss of such popularity or audience loyalty is beyond our control and could limit our ability to generate revenues.

DOING BUSINESS IN FOREIGN COUNTRIES CREATES CERTAIN RISKS NOT FOUND IN DOING BUSINESS IN THE UNITED STATES

Doing business in foreign countries carries with it certain risks that are not found in doing business in the United States. We currently derive a portion of our revenues from international radio broadcasting, outdoor



advertising and live entertainment operations in countries around the world and a key element of our business strategy is to expand our international operations. The risks of doing business in foreign countries that could result in losses against which we are not insured include:

- exposure to local economic conditions;
- potential adverse changes in the diplomatic relations of foreign countries with the United States;
- hostility from local populations;
- the adverse effect of currency exchange controls;
- restrictions on the withdrawal of foreign investment and earnings;
- government policies against businesses owned by foreigners;
- investment restrictions or requirements;
- expropriations of property;
- the potential instability of foreign governments;
- the risk of insurrections;
- risks of renegotiation or modification of existing agreements with governmental authorities;
- foreign exchange restrictions;
- withholding and other taxes on remittances and other payments by subsidiaries; and
- changes in taxation structure.

EXCHANGE RATES MAY CAUSE FUTURE LOSSES IN OUR INTERNATIONAL OPERATIONS

Because we own assets overseas and derive revenues from our international operations, we may incur currency translation losses due to changes in the values of foreign currencies and in the value of the U.S. dollar. We cannot predict the effect of exchange rate fluctuations upon future operating results. We currently maintain no derivative instruments to reduce the exposure to translation or transaction risk.

EXTENSIVE GOVERNMENT REGULATION MAY LIMIT OUR BROADCASTING OPERATIONS

The federal government extensively regulates the domestic broadcasting industry, and any changes in the current regulatory scheme could significantly affect us. Our broadcasting businesses depend upon maintaining broadcasting licenses issued by the Federal Communications Commission ("FCC") for maximum terms of eight years. Renewals of broadcasting licenses can be attained only through the FCC's grant of appropriate applications. Although the FCC rarely denies a renewal application, the FCC could deny future renewal applications resulting in the loss of one or more of our broadcasting licenses.

The federal communications laws limit the number of broadcasting properties we may own in a particular area. While the Telecommunications Act of 1996 relaxed the FCC's multiple ownership limits, any subsequent modifications that tighten those limits could make it impossible for us to complete potential acquisitions or require us to divest stations we have already acquired. Most significantly, the FCC has recently instituted a proceeding to comprehensively reexamine all of its media ownership rules. This omnibus proceeding incorporates, among other things, a preexisting FCC proceeding to consider a broad range of possible changes to the rules governing ownership of radio stations. We cannot predict the outcome of the FCC's pending omnibus media ownership rulemaking or its effect on our ability to acquire broadcast stations in the future, to complete acquisitions that we have agreed to make, to continue to own and freely transfer groups of stations that we have already acquired, or to continue existing agreements whereby we provide programming to or sell advertising on stations we do not own.

Moreover, the FCC has adopted modified rules that in some cases permit a company to own fewer radio stations than allowed by the Telecommunications Act of 1996 in markets or geographical areas where the



company also owns television stations. These modified rules could require us to divest radio stations we currently own in markets or areas where we also own television stations. Our acquisition of television stations in five local markets or areas in our merger with The Ackerley Group resulted in our owning more radio stations in these markets or areas than is permitted by these modified rules. The FCC has given us a temporary period of time to divest the necessary radio and/or television stations to come into compliance with the rules.

Other changes in governmental regulations and policies may have a material impact on us. For example, we currently provide programming to several television stations we do not own. These programming arrangements are made through contracts known as local marketing agreements. The FCC has revised its rules and policies regarding television local marketing agreements. These revisions will restrict our ability to enter into television local marketing agreements in the future, and may eventually require us to terminate our programming arrangements under existing local marketing agreements. Additionally, the FCC has adopted rules which under certain circumstances subject previously nonattributable debt and equity interests in communications media to the FCC's multiple ownership restrictions. These rules may limit our ability to expand our media holdings. Additionally, under an interim policy announced by the FCC in connection with its proceeding to modify the radio ownership rules, the FCC has designated for hearing or significantly delayed approval of certain of our pending radio acquisitions which, in the FCC's view, raise local market concentration concerns.

ANTITRUST REGULATIONS MAY LIMIT FUTURE ACQUISITIONS

Additional acquisitions by us of radio and television stations, outdoor advertising properties and live entertainment operations or entities may require

antitrust review by federal antitrust agencies and may require review by foreign antitrust agencies under the antitrust laws of foreign jurisdictions. We can give no assurances that the Department of Justice ("DOJ") or the Federal Trade Commission or foreign antitrust agencies will not seek to bar us from acquiring additional radio or television stations or outdoor advertising or entertainment properties in any market where we already have a significant position. Following passage of the Telecommunications Act of 1996, the DOJ has become more aggressive in reviewing proposed acquisitions of radio stations, particularly in instances where the proposed acquiror already owns one or more radio station properties in a particular market and seeks to acquire another radio station in the same market. The DOJ has, in some cases, obtained consent decrees requiring radio station divestitures in a particular market based on allegations that acquisitions would lead to unacceptable concentration levels. The DOJ also actively reviews proposed acquisitions of outdoor advertising properties. In addition, the antitrust laws of foreign jurisdictions will apply if we acquire international broadcasting properties.

ENVIRONMENTAL, HEALTH, SAFETY AND LAND USE LAWS AND REGULATIONS MAY LIMIT OR RESTRICT SOME OF OUR OPERATIONS

As the owner or operator of various real properties and facilities, especially in our outdoor advertising and live entertainment venue operations, we must comply with various foreign, federal, state and local environmental, health, safety and land use laws and regulations. We and our properties are subject to such laws and regulations relating to the use, storage, disposal, emission and release of hazardous and non-hazardous substances and employee health and safety, as well as zoning and noise level restrictions which may affect, among other things, the hours of operations of our live entertainment venues. Historically, we have not incurred significant expenditures to comply with these laws. However, additional laws, which may be passed in the future, or a finding of a violation of or liability under existing laws, could require us to make significant expenditures and otherwise limit or restrict some of our operations.

GOVERNMENT REGULATION OF OUTDOOR ADVERTISING MAY RESTRICT OUR OUTDOOR ADVERTISING OPERATIONS

The outdoor advertising industry that operates domestically is subject to extensive governmental regulation at the federal, state and local level. These regulations include restrictions on the construction, repair, upgrading, height, size and location of and, in some instances, content of advertising copy being



displayed on outdoor advertising structures. In addition, the outdoor advertising industry that operates in foreign countries is subject to certain foreign governmental regulation. Compliance with existing and future regulations could have a significant financial impact.

Federal law, principally the Highway Beautification Act of 1965, requires, as a condition to federal highway assistance, states to implement legislation to restrict billboards located within 660 feet of, or visible from, highways except in commercial or industrial areas and requires certain additional size, spacing and other limitations. Every state has implemented laws and regulations in compliance with the Highway Beautification Act, including the removal of any illegal signs on these highways at the owner's expense and without any compensation. Federal law does not require removal of existing lawful billboards, but does require the payment of just compensation if a state or political subdivision compels the removal of a lawful billboard along a federally aided primary or interstate highway. State governments have purchased and removed legal nonconforming billboards in the past, using a portion of

federal funding and may do so in the future.

State and local governments have, in some cases, passed additional regulations on the construction, size, location and, in some instances, advertising content of outdoor advertising structures adjacent to federally-aided highways and other thoroughfares. From time to time governmental authorities order the removal of billboards by the exercise of eminent domain and certain jurisdictions have also adopted amortization of billboards in varying forms. Amortization permits the billboard owner to operate its billboard only as a non-conforming use for a specified period of time, after which it must remove or otherwise conform its billboard to the applicable regulations at its own cost without any compensation. Several municipalities within our existing markets have adopted amortization ordinances. Restrictive regulations also limit our ability to rebuild or replace nonconforming billboards. We can give no assurance that we will be successful in negotiating acceptable arrangements in circumstances in which our billboards are subject to removal or amortization, and what effect, if any, such regulations may have on our operations.

In addition, we are unable to predict what additional regulations may be imposed on outdoor advertising in the future. The outdoor advertising industry is heavily regulated and at various times and in various markets can be expected to be subject to varying degrees of regulatory pressure affecting the operation of advertising displays. Legislation regulating the content of billboard advertisements and additional billboard restrictions has been introduced in Congress from time to time in the past. Changes in laws and regulations affecting outdoor advertising at any level of government, including laws of the foreign jurisdictions in which we operate, could have a significant financial impact on us by requiring us to make significant expenditures or otherwise limiting or restricting some of our operations.

CHANGES IN RESTRICTIONS ON OUTDOOR TOBACCO AND ALCOHOL ADVERTISING MAY POSE RISKS

Out-of-court settlements between the major U.S. tobacco companies and all 50 states include a ban on the outdoor advertising of tobacco products. State and local governments continue to initiate proposals designed to limit outdoor advertising of alcohol. Other products and services may be targeted in the future. Legislation regulating tobacco and alcohol advertising has also been introduced in a number of European countries in which we conduct business, and could have a similar impact. Any significant reduction in alcohol related advertising due to content-related restrictions could cause a reduction in our direct revenue from such advertisements and a simultaneous increase in the available space on the existing inventory of billboards in the outdoor advertising industry.



FUTURE ACQUISITIONS COULD POSE RISKS

We may acquire media-related assets and other assets or businesses that we believe will assist our customers in marketing their products and services. Our acquisition strategy involves numerous risks, including:

- certain of our acquisitions may prove unprofitable and fail to generate anticipated cash flows;

- to successfully manage a rapidly expanding and significantly larger portfolio of broadcasting, outdoor advertising, entertainment and other properties, we may need to:

  - recruit additional senior management as we cannot be assured that senior

management of acquired companies will continue to work for us and, in this highly competitive labor market, we cannot be certain that any of our recruiting efforts will succeed, and

- expand corporate infrastructure to facilitate the integration of our operations with those of acquired properties, because failure to do so may cause us to lose the benefits of any expansion that we decide to undertake by leading to disruptions in our ongoing businesses or by distracting our management;

- entry into markets and geographic areas where we have limited or no experience;

- we may encounter difficulties in the integration of operations and systems;

- our management's attention may be diverted from other business concerns; and

- we may lose key employees of acquired companies or stations.

We frequently evaluate strategic opportunities both within and outside our existing lines of business. We expect from time to time to pursue additional acquisitions and may decide to dispose of certain businesses. These acquisitions or dispositions could be material.

CAPITAL REQUIREMENTS NECESSARY TO IMPLEMENT ACQUISITIONS COULD POSE RISKS

We face stiff competition from other broadcasting, outdoor advertising and live entertainment companies for acquisition opportunities. If the prices sought by sellers of these companies continue to rise, we may find fewer acceptable acquisition opportunities. In addition, the purchase price of possible acquisitions could require additional debt or equity financing on our part. Since the terms and availability of this financing depend to a large degree upon general economic conditions and third parties over which we have no control, we can give no assurance that we will obtain the needed financing or that we will obtain such financing on attractive terms. In addition, our ability to obtain financing depends on a number of other factors, many of which are also beyond our control, such as interest rates and national and local business conditions. If the cost of obtaining needed financing is too high or the terms of such financing are otherwise unacceptable in relation to the acquisition opportunity we are presented with, we may decide to forego that opportunity. Additional indebtedness could increase our leverage and make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures. Additional equity financing could result in dilution to our shareholders.

WE FACE INTENSE COMPETITION IN THE BROADCASTING, OUTDOOR ADVERTISING AND LIVE ENTERTAINMENT INDUSTRIES

Our business segments are in highly competitive industries, and we may not be able to maintain or increase our current audience ratings and advertising and sales revenues. Our radio stations and outdoor advertising properties compete for audiences and advertising revenues with other radio stations and outdoor advertising companies, as well as with other media, such as newspapers, magazines, television, direct mail and Internet based media, within their respective markets. Audience ratings and market shares are subject to change, which could have the effect of reducing our revenues in that market. Our live entertainment operations compete with other venues to serve artists likely to perform in that general region and, in the markets in which we promote musical concerts, we face competition from promoters, as well as from certain artists who promote their own concerts. These competitors may engage in more extensive development

efforts, undertake more far reaching marketing campaigns, adopt more aggressive pricing policies and make more attractive offers to existing and potential customers or artists. Our competitors may develop services, advertising media or entertainment venues that are equal or superior to those we provide or that achieve greater market acceptance and brand recognition than we achieve. It is possible that new competitors may emerge and rapidly acquire significant market share in any of our business segments. Other variables that could adversely affect our financial performance by, among other things, leading to decreases in overall revenues, the numbers of advertising customers, advertising fees, event attendance, ticket prices or profit margins include:

- unfavorable economic conditions, both general and relative to the radio broadcasting, outdoor advertising, live entertainment and all related media industries, which may cause companies to reduce their expenditures on advertising or corporate sponsorship or reduce the number of persons willing to attend live entertainment events;

- unfavorable shifts in population and other demographics which may cause us to lose advertising customers and audience as people migrate to markets where we have a smaller presence, or which may cause advertisers to be willing to pay less in advertising fees if the general population shifts into a less desirable age or geographical demographic from an advertising perspective;

- an increased level of competition for advertising dollars, which may lead to lower advertising rates as we attempt to retain customers or which may cause us to lose customers to our competitors who offer lower rates that we are unable or unwilling to match;

- unfavorable fluctuations in operating costs which we may be unwilling or unable to pass through to our customers;

- technological changes and innovations that we are unable to adopt or are late in adopting that offer more attractive advertising or entertainment alternatives than what we currently offer, which may lead to a loss of advertising customers or ticket sales, or to lower advertising rates or ticket prices;

- unfavorable changes in labor conditions which may require us to spend more to retain and attract key employees; and

- changes in governmental regulations and policies and actions of federal regulatory bodies which could restrict the advertising media which we employ or restrict some or all of our customers that operate in regulated areas from using certain advertising media, or from advertising at all, or which may restrict the operation of live entertainment events.

NEW TECHNOLOGIES MAY AFFECT OUR BROADCASTING OPERATIONS

The FCC has introduced new technologies to the broadcasting industry, including satellite and terrestrial delivery of digital audio broadcasting and the standardization of available technologies which significantly enhance the sound quality of radio broadcasts. The FCC has also established a timetable for the implementation of digital television broadcasting in the U.S. We are unable to predict the effect such technologies will have on our broadcasting operations, but the capital expenditures necessary to implement such technologies could be substantial and other companies employing such technologies could compete with our businesses.

OUR LIVE ENTERTAINMENT BUSINESS IS HIGHLY SENSITIVE TO PUBLIC TASTES AND DEPENDENT ON OUR ABILITY TO SECURE POPULAR ARTISTS, LIVE ENTERTAINMENT EVENTS AND VENUES

Our ability to generate revenues through our live entertainment operations is highly sensitive to rapidly changing public tastes and dependent on the availability of popular performers and events. Since we rely on unrelated parties to create and perform live entertainment content, any lack of availability of popular musical artists, touring Broadway shows, specialized motor sports talent and other performers could limit our ability to generate revenues. In addition, we require access to venues to generate revenues from live entertainment events. We operate a number of our live entertainment venues under leasing or booking agreements. Our



long-term success in the live entertainment business will depend in part on our ability to renew these agreements when they expire or end. As many of these agreements are with third parties over which we have little or no control, we may be unable to renew these agreements on acceptable terms or at all, and may be unable to obtain favorable agreements with new venues. Our ability to renew these agreements or obtain new agreements on favorable terms depends on a number of other factors, many of which are also beyond our control, such as national and local business conditions. If the cost of renewing these agreements is too high or the terms of any new agreement with a new venue are unacceptable or incompatible with our existing operations, we may decide to forego these opportunities. In addition, our competitors may offer more favorable terms than we do in order to obtain agreements for new venues.

WE MAY BE ADVERSELY AFFECTED BY A GENERAL DETERIORATION IN ECONOMIC CONDITIONS

The risks associated with our businesses become more acute in periods of a slowing economy or recession, which may be accompanied by a decrease in advertising and in attendance at live entertainment events. A decline in the level of business activity of our advertisers or a decline in attendance at live entertainment events could have an adverse effect on our revenues and profit margins. During the recent economic slowdown in the United States, many advertisers reduced their advertising expenditures. The impact of slowdowns on our business is difficult to predict, but they may result in reductions in purchases of advertising and attendance at live entertainment events. If the current economic slowdown continues or worsens, our results of operations may be adversely affected.

WE MAY BE ADVERSELY AFFECTED BY THE OCCURRENCE OF EXTRAORDINARY EVENTS

The occurrence of extraordinary events, such as the September 11, 2001 terrorist attacks on the World Trade Center in New York City and the Pentagon outside of Washington, D.C. may substantially decrease the use of and demand for advertising and the attendance at live entertainment events, which may decrease our revenues. The September 11, 2001, terrorist attacks, for example, caused a nationwide disruption of commercial and leisure activities. As a result of the expanded news coverage following the attacks and subsequent military action, we experienced a loss in advertising revenues and increased incremental operating expenses. We also experienced lower attendance levels at live entertainment events. The recent spread of severe acute respiratory syndrome, or "SARS", and the uncertainty surrounding the transmission of this illness, may also cause significant disruptions of commercial and leisure activities, which may decrease the use of and demand for advertising and the attendance at live entertainment events. The occurrence of future terrorist attacks, military actions by the United States, and the future incidence and impact of SARS and its transmission, cannot be predicted, and their occurrence can be expected to further negatively

affect the economy generally, specifically the markets for advertising and live entertainment both in the United States and abroad.

THERE IS NO ACTIVE TRADING MARKET FOR THE NOTES; CERTAIN BENEFICIAL OWNERS MAY BE UNABLE TO TRANSFER THEIR BENEFICIAL INTEREST IN THE NOTES

The notes will not be listed on any securities exchange. There is no active public market for the notes and it is unlikely that an active trading market will develop, or if one develops, that it will be maintained. Consequently, it is possible that an investment in the notes may have little or no liquidity. In addition, the notes will be issued in the form of one or more global securities that will be deposited with the Depository Trust Company. See "Description of the Notes -- Global Securities" and "-- Book Entry System" on page S-16. The owners of beneficial interests in the global securities will not be entitled to have notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the Indenture. The laws of some states require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability of certain persons to transfer their beneficial interests in the global securities may be limited in states where these special delivery requirements apply.



## BUSINESS

We are a diversified media company with three reportable business segments: radio broadcasting, outdoor advertising and live entertainment. We were incorporated in Texas in 1974. As of December 31, 2002, we owned 1,184 domestic radio stations and a leading national radio network. In addition, at December 31, 2002, we had equity interests in various domestic and international radio broadcasting companies. At December 31, 2002, we also owned or operated 144,097 domestic outdoor advertising display faces and 571,942 international outdoor advertising display faces. In addition, we operate as promoters, producers and venue operators for live entertainment events. As of December 31, 2002, we owned or operated 76 live entertainment venues domestically and 26 live entertainment venues internationally, which excludes 25 domestic venues and three international venues where we either own a non-controlling interest or have booking, promotions or consulting agreements. We also own or program 34 television stations, own a media representation firm and represent professional athletes, all of which are within the category "other". Our principal executive offices are located at 200 East Basse Road, San Antonio, Texas 78209, and our telephone number is 210-822-2828.

A brief description of each of our primary lines of business follows.

### RADIO BROADCASTING

#### Radio Stations

As of December 31, 2002, we owned 372 AM and 812 FM domestic radio stations, of which 485 radio stations were in the top 100 markets, according to the Arbitron fall 2002 ranking of U.S. markets. In addition, we currently own equity interests in various domestic and international radio broadcasting companies, which we account for under the equity method of accounting. Our radio stations employ various formats for their programming. A station's format can be important in determining the size and characteristics of its listening audience. Advertisers often tailor their advertisements to appeal to selected population or demographic segments.

#### Radio Networks

As of December 31, 2002, we owned a national radio network, which has a total audience of over 180 million weekly listeners. The network syndicates talk programming including such talent as Rush Limbaugh, Bob and Tom, John Boy and Billy, Glen Beck and Jim Rome, and music programming including such talent as Rick Dees and Casey Kasem. We also operated several news and agricultural radio networks serving Georgia, Ohio, Oklahoma, Texas, Iowa, Kentucky, Virginia, Alabama, Tennessee, Florida and Pennsylvania.

OUTDOOR ADVERTISING

As of December 31, 2002, we owned or operated a total of 716,039 advertising display faces. We currently provide outdoor advertising services in over 52 domestic markets and over 65 foreign countries. Our display faces include billboards of various sizes, wallscapes, transit displays and street furniture displays. Additionally, we currently own equity interests in various outdoor advertising companies, which we account for under the equity method of accounting.

LIVE ENTERTAINMENT

During 2002, we promoted or produced over 29,000 events, including music concerts, theatrical shows and specialized sporting events. We reached more than 66 million people through all of these activities during 2002. As of December 31, 2002, we owned or operated a total of 76 domestic venues and 26 international venues. Additionally, we currently own equity interests in various live entertainment companies, which we account for under the equity method of accounting.



OTHER

Television

As of December 31, 2002, we owned, programmed or sold airtime for 34 television stations. Our television stations are affiliated with various television networks, including ABC, CBS, NBC, FOX, UPN, PAX and WB. Television revenue is generated primarily from the sale of local and national advertising, as well as from fees received from the affiliate television networks. Advertising rates depend primarily on the quantitative and qualitative characteristics of the audience we can deliver to the advertiser. Our sales personnel sell local advertising, while national sales representatives sell national advertising.

Media Representation

We own the Katz Media Group, a full-service media representation firm that sells national spot advertising time for clients in the radio and television industries throughout the United States. Katz Media represents over 2,500 radio stations and 350 television stations.

Sports Representation

We operate in the sports representation business. Our full-service sports marketing and management operations specialize in the representation of professional athletes, integrated event management and marketing consulting services. Among our clients are many professional athletes, including Michael Jordan (basketball), Kobe Bryant (basketball), Roger Clemens (baseball), Greg Norman (golf), Andre Agassi (tennis), Jerry Rice (football) and David Beckham (soccer -- UK).

## RATIOS OF EARNINGS TO FIXED CHARGES

The ratio of earnings to fixed charges has been computed by dividing earnings before income taxes (which excludes the cumulative and transition effects of accounting changes) and fixed charges by fixed charges. "Fixed charges" consist of interest on debt and that portion of rental expense deemed to be representative of interest.

| | YEAR ENDED DECEMBER 31, | | | | |
|---|---|---|---|---|---|
| | 2002 | 2001 | 2000 | 1999 | 1998 |
| Ratio of earnings to fixed charges | 2.62 | * | 2.20 | 2.04 | 1.83 |

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* For the year ended December 31, 2001, fixed charges exceeded earnings before income taxes and fixed charges by $1.3 billion.

## USE OF PROCEEDS

Our net proceeds from this offering are estimated to be approximately $497.0 million after deducting the underwriting discount and our estimated offering expenses. We will use the net proceeds to repay borrowings outstanding under our reducing revolving credit facility. The effective interest rate on the reducing revolving credit facility is based on LIBOR plus 0.4% (1.72% as of April 24, 2003). Borrowings under the reducing revolving credit facility must be paid in full by June 30, 2005. As of April 24, 2003, a total of $485.0 million in borrowings was outstanding under our reducing revolving credit facility. On April 30, 2003, we anticipate borrowing an additional $500.0 million under the reducing revolving credit facility to repay and permanently reduce a portion of our existing $1.5 billion three-year term loan which matures on August 28, 2005. Borrowings under the reducing revolving credit facility and under the term loan were incurred in connection with acquisitions of media related properties, including the refinancing of acquired company indebtedness, as well as for general corporate purposes. Upon applying the net proceeds of this offering to repay outstanding borrowings under the reducing revolving credit facility, the amounts repaid will become immediately available to us for re-borrowing. Following the repayment of the reducing revolving credit facility with the proceeds of this offering, approximately $793.1 million will be available for borrowing under the reducing revolving credit facility.



## DESCRIPTION OF THE NOTES

The notes offered by this prospectus supplement are "senior debt securities" which are described in the accompanying prospectus. This description supplements the description of the general terms and provisions of the debt securities found in the accompanying prospectus.

The notes offered by this prospectus supplement will be issued under the indenture, dated as of October 1, 1997, as supplemented by supplemental

indentures from time to time (collectively, the "Indenture"), between Clear Channel and The Bank of New York, as debt trustee. The Indenture contains:

- provisions limiting our ability to consolidate with or merge into any other corporation or convey or transfer substantially all of our properties and assets;

- limitations on mortgages on radio broadcasting, television broadcasting, outdoor advertising or live entertainment property; and

- limitations on sale and leaseback transactions.

See "Description of Senior and Subordinated Debt Securities -- Consolidation, Merger, Conveyance or Transfer" and "Description of Senior and Subordinated Debt Securities -- Senior Debt Securities -- Covenants" in the accompanying prospectus.

Capitalized terms used and not otherwise defined below or elsewhere in this prospectus supplement or the accompanying prospectus are used with the respective meanings given thereto in the Indenture. Any reference to the "notes" contained in this prospectus supplement refers to our 4.25% Senior Notes due 2009 unless the context indicates otherwise.

GENERAL

The notes offered by this prospectus supplement will be issued in an initial aggregate principal amount of $500,000,000, will bear interest from May 1, 2003 at the rate of interest stated on the cover page of this prospectus supplement, will mature, at par, on May 15, 2009 and will be offered and sold in denominations of $1,000 and any integral multiple thereof.

Interest will be payable semi-annually on May 15 and November 15, commencing November 15, 2003, to the persons in whose names the notes are registered at the close of business on May 1 or November 1, as the case may be, next preceding such interest payment date.

The notes are not subject to the provisions of any optional or mandatory sinking fund. We may, without the consent of the holders, increase such principal amount of the notes in the future, on the same terms and conditions and with the same CUSIP number as the notes being offered hereby, provided, however, that no additional notes may be issued unless such additional notes are fungible with the applicable notes offered hereby for U.S. federal income tax purposes. The notes will be our senior unsecured general obligations, and rank on a parity with all of our other unsecured and unsubordinated indebtedness from time to time outstanding.

Principal of, and premium, if any, and interest on the notes will be payable and transfers of the notes will be registrable at our office or agency in the Borough of Manhattan, The City of New York, and transfers of the notes will also be registrable at any of our other offices or agencies as we may maintain for that purpose. In addition, payment of interest may be made, at our option, by check mailed to the address of the person entitled hereto as shown on the security register. No service charge will be made for any registration of transfer or exchange of notes, except for any tax or other governmental charge that may be imposed in connection therewith. Interest on the notes will be computed on the basis of a 360-day year comprised of twelve, 30-day months.

OPTIONAL REDEMPTION

The notes will be redeemable as a whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the notes being redeemed, or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed from the redemption date to May 15, 2009 discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points

plus, in either case, any interest accrued but not paid to the date of redemption.

"Treasury Rate" means, with respect to any redemption date for the notes,

(i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date for the notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month) or

(ii) if the release referred to in (i) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by an "Independent Investment Banker" as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the series of notes.

"Independent Investment Banker" means, with respect to any redemption date for the notes, Banc of America Securities LLC and its successors or, if such firm or any successor to such firm, as the case may be, is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the debt trustee after consultation with us.

"Comparable Treasury Price" means with respect to any redemption date for the notes,

(i) the average of four Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or

(ii) if the debt trustee obtains fewer than four Reference Treasury

Dealer Quotations, the average of all quotations obtained.

"Reference Treasury Dealer" means Banc of America Securities LLC and two other primary U.S. government securities dealers in New York City (each, a "Primary Treasury Dealer") appointed by the debt trustee in consultation with us. If any Reference Treasury Dealer ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the debt trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the debt trustee by that Reference Treasury Dealer at 5:00 p.m. on the third Business Day preceding the redemption date.

Notice of any redemption will be mailed at least 30 days but no more than 60 days before the redemption date to each holder of notes to be redeemed.



Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions of the notes called for redemption.

GLOBAL SECURITIES

The notes will be issued in the form of one or more global securities that will be deposited with, or on behalf of the depositary, The Depository Trust Company. Interests in the global securities will be issued only in denominations of $1,000 or integral multiples thereof. Unless and until it is exchanged in whole or in part for notes in definitive form, a global security may not be transferred except as a whole to a nominee of the depositary for the global security, or by a nominee of the depositary to the depositary or another nominee of the depositary, or by the depositary or any nominee to a successor depositary or a nominee of the successor depositary.

BOOK-ENTRY SYSTEM

Initially, the notes will be registered in the name of Cede & Co., the nominee of the depositary. Accordingly, beneficial interests in the notes will be shown on, and transfers thereof will be effected only through, records maintained by the depositary and its participants.

The depositary has advised us and the underwriter as follows: the depositary is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the United States Securities Exchange Act of 1934, as amended. The depositary holds securities that its participants ("Direct Participants") deposit with the depositary. The depositary also eliminates the need for physical movement of securities certificates by facilitating the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in the Direct Participants' accounts. Direct Participants include securities brokers and dealers, including the underwriter, banks, trust companies, clearing corporations, and certain other organizations. The depositary is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the depositary's book-entry system is also available to others such as securities brokers and dealers, banks and trust companies that

clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to the depositary and its Direct and Indirect Participants are on file with the SEC.

The depositary advises that its established procedures provide that:

- upon our issuance of the notes, the depositary will credit the accounts of Direct and Indirect Participants designated by the underwriter with the principal amounts of the notes purchased by the underwriter, and

- ownership of interest in the global securities will be shown on, and the transfer of the ownership will be effected only through, records maintained by the depositary, the Direct Participants and the Indirect Participants.

The laws of some states require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability to transfer beneficial interest in the global securities is limited to such extent.

So long as a nominee of the depositary is the registered owner of the global securities, the nominee for all purposes will be considered the sole owner or holder of the global securities under the Indenture. Except as provided below, owners of beneficial interests in the global securities will not be entitled to have notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the Indenture.



Neither we, the debt trustee, any paying agent nor the registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the global securities, or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Principal and interest payments on the notes registered in the name of the depositary's nominee will be made in immediately available funds to the depositary's nominee as the registered owner of the global securities. Under the terms of the notes, we and the debt trustee will treat the persons in whose names the notes are registered as the owners of those notes for the purpose of receiving payment of principal and interest on those notes and for all other purposes whatsoever. Therefore, neither we, the debt trustee nor any paying agent has any direct responsibility or liability for the payment of principal or interest on the notes to owners of beneficial interests in the global securities. The depositary has advised us and the debt trustee that its current practice is upon receipt of any payment of principal or interest, to credit Direct Participants' accounts on the payment date in accordance with their respective holdings of beneficial interests in the global securities as shown on the depositary's records, unless the depositary has reason to believe that it will not receive payment on the payment date. Payments by Direct and Indirect Participants to owners of beneficial interests in the global securities will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of the Direct and Indirect Participants and not of the depositary, the debt trustee or us, subject to any statutory requirements that may be in effect from time to time. Payment of principal and interest to the depositary is our responsibility or the responsibility of the debt trustee, but disbursement of those payments to the owners of beneficial interests in the global securities shall be the responsibility of the depositary and Direct and Indirect Participants.

Notes represented by a global security will be exchangeable for notes in definitive form of like tenor as the global security in denominations of $1,000 and in any greater amount that is an integral multiple if the depositary notifies us that it is unwilling or unable to continue as depositary for the global security or if at any time the depositary ceases to be a clearing agency registered under applicable law and a successor depositary is not appointed by us within 90 days or we in our discretion at any time determine not to require all of the notes to be represented by a global security and notifies the debt trustee thereof. Any notes that are exchangeable pursuant to the preceding sentence are exchangeable for notes issuable in authorized denominations and registered in such names as the depositary shall direct. Subject to the foregoing, a global security is not exchangeable, except for a global security or global securities of the same aggregate denominations to be registered in the name of the depositary or its nominee.

SAME-DAY SETTLEMENT AND PAYMENT

Settlement for the notes will be made by the underwriter in immediately available funds. So long as the depositary continues to make same day settlement available to us, all payments of principal and interest on the notes will be made by us in immediately available funds.

Secondary trading in long-term notes and debentures of corporate issues is generally settled in clearing-house or next-day funds. In contrast, the depositary will facilitate same day settlement for trading in the notes until maturity, and secondary market trading activity in the notes will therefore be required by the depositary to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the notes.

GOVERNING LAW

The Indenture and the notes will be governed by and construed in accordance with the laws of the State of New York.



## CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following summary describes certain material United States federal income tax consequences of the acquisition, ownership and disposition of the notes, by beneficial owners of the notes. This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), and Treasury regulations, rulings and judicial decisions as of the date hereof, all of which are subject to change, possibly on a retroactive basis. The discussion applies only to beneficial owners that acquire the notes in this offering at the initial offering price and who will hold the notes as capital assets within the meaning of Section 1221 of the Code. This summary is for general information only and does not address all aspects of United States federal income taxation that may be relevant to holders of the notes in light of their particular circumstances or to holders subject to special rules (such as broker-dealers, banks or other financial institutions, insurance companies, partnerships, tax-exempt organizations, persons that have a functional currency other than the U.S. dollar and persons who hold the notes as part of a hedging or conversion transaction). This summary does not address the effects of any state, local or non-U.S. tax laws. Prospective holders should consult their tax advisors as to the particular tax consequences to them of acquiring, holding or disposing of the notes.

For purposes of the following discussion, a "U.S. holder" means a

beneficial owner of a note that is for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary supervision over administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

For purposes of the following discussion, a "non-U.S. holder" means a beneficial owner of a note other than a U.S. holder.

U.S. HOLDERS

Payments of Interest. Interest paid with respect to the notes will generally be taxable to a U.S. holder as ordinary income at the time accrued or received, in accordance with such U.S. holder's method of accounting for U.S. federal income tax purposes.

Disposition of Notes. Upon the sale, exchange, redemption, retirement or other disposition of a note, a U.S. holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption, retirement or other disposition (except to the extent of accrued but unpaid interest not previously included in income, which will be taxable as ordinary income) and such holder's adjusted tax basis in the note. Any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if a U.S. holder has held the note for more than one year.

NON-U.S. HOLDERS

Payments of Interest. In general, a 30% United States federal withholding tax will not apply to any payment of interest on a note to a non-U.S. holder if the interest qualifies for the so-called "portfolio interest exemption." This will be the case provided that the holder:

- does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock that are entitled to vote within the meaning of section 871(h)(3) of the Code;
- is not a controlled foreign corporation that is related to us through stock ownership within the meaning of section 864(d)(4) of the Code; and



- either (a) provides its name and address, and certifies, under penalties of perjury, that it is not a United States person, which certification may be made on an IRS W-8BEN or successor form, or (b) holds its notes through various foreign intermediaries and satisfies the certification requirements of applicable Treasury regulations.

Special certification and other rules apply to certain non-U.S. holders that are entities rather than individuals, particularly entities treated as partnerships for U.S. federal income tax purposes and certain other flow-through entities,

and to non-U.S. holders acting as (or holding notes through) intermediaries.

If a non-U.S. holder cannot satisfy the requirements described above, payments of interest will be subject to the 30% United States federal withholding tax, unless the holder provides us with a properly executed (1) IRS Form W-8BEN, or successor form, claiming an exemption from or reduction in withholding under the benefit of a tax treaty or (2) IRS Form W-8ECI, or successor form, stating that interest paid on the note is not subject to withholding tax because it is effectively connected with its conduct of a trade or business in the United States.

If a non-U.S. holder is engaged in a trade or business in the United States and interest on a note is effectively connected with the conduct of that trade or business, such holder (although exempt from the 30% withholding tax) will be subject to U.S. federal income tax on that interest on a net income basis in the same manner as if the holder were a United States person as defined under the Code. In addition, if the holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its earnings and profits for the taxable year, subject to adjustments, that are effectively connected with its conduct of a trade or business in the United States. For this purpose, interest will be included in earnings and profits.

Disposition of Notes. The 30% United States federal withholding tax will not apply to any gain that a non-U.S. holder realizes on the sale, exchange, redemption, retirement or other disposition of a note.

Any gain realized on the disposition of a note by a non-U.S. holder generally will not be subject to U.S. federal income tax unless (i) that gain is effectively connected with the conduct of a trade or business in the United States by the holder or (ii) the holder is an individual who is present in the United States for a period or periods aggregating 183 days or more in the taxable year of that disposition within the meaning of section 871(a)(2) of the Code and other conditions are met. If (i) applies and the non-U.S. holder is a corporation, such holder may also be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) as described above.

INFORMATION REPORTING AND BACKUP WITHHOLDING

U.S. Holders. In general, information reporting requirements will apply to payments of principal and interest made on the notes to, and to the proceeds of the sale of the notes within the U.S. by, certain non-corporate U.S. holders of notes, and backup withholding at the applicable rate will apply to these payments if the U.S. holder (i) fails to provide an accurate taxpayer identification number in the manner required or (ii) is notified by the Internal Revenue Service that it has failed to report all interest and dividends required to be shown on its federal income tax returns.

Non-U.S. Holders. In general, subject to the discussion above under "Non-U.S. Holders -- Payments of Interest," a non-U.S. holder will not be subject to backup withholding and information reporting with respect to payments that we make to the non-U.S. holder, provided that we do not have actual knowledge that the holder is a United States person and the holder has given us the statement or provided the certifications described above under "Non-U.S. Holders -- Payments of Interest."

In addition, subject to the discussion above under "Non-U.S. Holders -- Disposition of Notes," a non-U.S. holder will not be subject to backup withholding or information reporting with respect to the proceeds of the sale or other disposition of a note within the United States or conducted through certain U.S.-related financial intermediaries if the payor receives the statements or certifications described above and does not have actual knowledge that the holder is a United States person, as defined under the Code, or the

holder otherwise establishes an exemption.



Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against a holder's U.S. federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

INVESTORS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE APPLICABILITY OF THE ABOVE TAX CONSEQUENCES TO THEIR PARTICULAR SITUATIONS, INCLUDING THE NECESSITY OF SATISFYING VARIOUS CERTIFICATION REQUIREMENTS, AND CONCERNING THE APPLICABILITY OF OTHER TAXES, SUCH AS ESTATE TAXES AND STATE AND LOCAL TAXES.



## UNDERWRITING

We have entered into an underwriting agreement dated the date hereof with the underwriter in which it has agreed to purchase from us $500,000,000 aggregate principal amount of the notes.

The obligation of the underwriter to purchase the notes is subject to the terms and conditions set forth in the underwriting agreement. The underwriting agreement requires the underwriter to purchase all the notes offered by this prospectus supplement, if any of such notes are purchased.

We have agreed to indemnify the underwriter against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the underwriter may be required to make in respect of these liabilities.

### COMMISSION AND DISCOUNTS

The underwriter has advised us that it proposes to offer some of the notes directly to the public at the public offering price stated on the cover of this prospectus supplement and some of the notes to certain dealers at the public offering price, less a concession not in excess of 0.250% of the principal amount of the notes. The underwriter may allow, and such dealers may reallow, a concession not in excess of 0.175% of such principal amount of the notes on sales to certain other dealers. After the initial public offering, the underwriter may change the offering price and other selling terms.

We currently estimate the expenses of this offering, excluding the underwriting discount, to us to be $300,000.

### NO TRADING MARKET

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriter may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

### PRICE STABILIZATION AND SHORT POSITIONS

In connection with this offering, the underwriter may purchase and sell notes in the open market. These transactions may include short sales,

stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriter of a greater principal amount of notes than it is required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress.

These activities by the underwriter may stabilize, maintain or otherwise affect the market price of the notes. As a result, the price of the notes may be higher than the price that otherwise might exist in the open market. In addition, neither the underwriter nor we make any representation that the underwriter will engage in the transactions discussed above. In addition, such transactions, once commenced, may be discontinued by the underwriter at any time. These transactions may be effected in the over-the-counter market or otherwise.

## CERTAIN RELATIONSHIPS AND ARRANGEMENTS

The underwriter and its affiliates may be customers of, lenders to, engage in transactions with and perform services for us and our subsidiaries in the ordinary course of business for which they have received and will receive customary compensation. The underwriter has been an advisor to us in connection with an acquisition, for which it has received certain fees.

More than 10% of the net proceeds of this offering will be used to repay indebtedness outstanding under our reducing revolving credit facility. Affiliates of the underwriter are lenders under our credit facilities, including the $1.5 billion three-year term loan and our reducing revolving credit facility, and are affiliated with



members of the National Association of Securities Dealers, Inc. who will participate in this offering. Accordingly, this offering is being made in compliance with NASD Rule 2710(c)(8). See "Use of Proceeds."

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information we file at the SEC's public reference room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. You can also find more information about us at our Internet website located at http://www.clearchannel.com. Our annual report on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and any amendments to those reports are available free of charge on our Internet website as soon as reasonably practicable after we electronically file such material with the SEC. Except for such reports that may be specifically incorporated by reference in the accompanying prospectus, information contained on our website does not constitute part of such prospectus or this prospectus supplement.

## EXPERTS

The consolidated financial statements of Clear Channel at December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and the financial statement schedule appearing in Clear Channel's Annual Report on Form 10-K for the year ended December 31, 2002, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference. Such consolidated financial

statements referred to above are incorporated herein by reference in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

## LEGAL OPINIONS

The validity of the notes offered hereby will be passed upon for Clear Channel by our special counsel, Akin, Gump, Strauss, Hauer & Feld, L.L.P. (a registered limited liability partnership including professional corporations), Dallas, Texas, and for the underwriter by Cravath, Swaine & Moore LLP, New York, New York. Alan D. Feld, the sole shareholder of a professional corporation which is a partner of Akin, Gump, Strauss, Hauer & Feld, L.L.P., is a director of Clear Channel and as of April 24, 2003, owned 95,800 shares of common stock (including presently exercisable nonqualified options to acquire 79,500 shares).



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333-76942-03

PROSPECTUS

$3,000,000,000

# CLEAR CHANNEL COMMUNICATIONS, INC.

CCCI CAPITAL TRUST I
CCCI CAPITAL TRUST II
CCCI CAPITAL TRUST III

We will offer and sell, from time to time, in one or more offerings, the debt and equity securities described in this prospectus. The total offering price of these securities, in the aggregate, will not exceed $3.0 billion. We will provide the specific terms of these securities in supplements to this prospectus. You should carefully read this prospectus and the supplements before you decide to invest in any of these securities.

## CLEAR CHANNEL COMMUNICATIONS, INC.

We will offer and sell, from time to time, in one or more offerings:

- common stock
- senior debt securities
- subordinated debt securities
- junior subordinated debt securities
- Class A and Class B preferred stock
- warrants
- stock purchase contracts
- stock purchase units
- guarantees

The common stock is traded on the New York Stock Exchange under the symbol "CCU." Any common stock sold pursuant to a prospectus supplement will be listed

on such exchange, subject to official notice of issuance.

The stock purchase contracts will require a purchaser to buy a specific amount of common stock or preferred stock, and they will obligate Clear Channel to pay the purchasers specific fees. The stock purchase units will include these stock purchase contracts and debt securities, junior subordinated debt securities, debt obligations of the United States of America or its agencies or instrumentalities, or preferred securities issued by CCCI Capital Trusts I, II and III. The guarantees will be full, unconditional guarantees of the Clear Channel Trusts' obligation to distribute specific amounts of cash to the holders of Clear Channel Trust preferred securities.

THE CLEAR CHANNEL TRUSTS

The CCCI Capital Trusts I, II and III are each Delaware business trusts that will offer and sell preferred securities, from time to time in one or more offerings. Each Clear Channel Trust will use all of the proceeds from the sale of its preferred securities to buy junior subordinated debt securities of Clear Channel. The Clear Channel Trusts will receive cash payments from the junior subordinated debt securities, and each trust will distribute these payments to the holders of its preferred and common securities. Clear Channel will own all of the common securities of the Clear Channel Trusts.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR A DISCUSSION OF THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE SECURITIES, SEE "GENERAL DESCRIPTION OF SECURITIES AND RISK FACTORS" ON PAGE 7.

The date of this prospectus is April 4, 2002.

TABLE OF CONTENTS

## EXPLANATORY NOTE

When we refer to Clear Channel in this prospectus, we are referring to Clear Channel Communications, Inc. When we refer to the Clear Channel Trusts in this prospectus, we are referring to the CCCI Capital Trusts. When the word "we" "our" or "us" is used in this prospectus, we are referring to both Clear Channel and the Clear Channel Trusts together.

## ABOUT THIS PROSPECTUS

This prospectus is part of a shelf registration statement that we filed with the SEC. By using a shelf registration statement, we may sell, from time to time, in one or more offerings, any combination of the securities described in this prospectus. The total dollar amount of the securities we sell through these offerings will not exceed $3.0 billion.

This prospectus only provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that contains specific information about the terms of the securities. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

This prospectus does not contain separate financial statements for the Clear Channel Trusts. We do not believe these financial statements would be useful since each trust is a direct or indirect wholly-owned subsidiary of Clear Channel, and we file consolidated financial information under the Exchange Act. The Clear Channel Trusts will not have any independent function other than to issue common and preferred securities and to purchase junior subordinated debt securities of Clear Channel. Clear Channel will provide a full, unconditional guarantee of each trust's obligations under their respective preferred securities.

You should rely only on the information contained or incorporated by reference in this prospectus and the prospectus supplement. We have not authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We will not make an offer to sell these securities in any state where the offer or sale is not permitted. You should assume that the information appearing in this prospectus, as well as the information we previously filed with the SEC and incorporated by reference into this prospectus, is accurate only as of the date of the documents containing the information.

## CLEAR CHANNEL COMMUNICATIONS, INC.

Clear Channel Communications, Inc. is a diversified media company with three reportable business segments: radio broadcasting, outdoor advertising and live entertainment. As of December 31, 2001, Clear Channel owned, programmed, or sold airtime for 1,240 domestic radio stations, which includes those stations that are operated pursuant to a local marketing agreement or joint sales agreement (FCC licenses not owned by Clear Channel) and owned a leading national radio network. In addition, at December 31, 2001, Clear Channel had equity interests in various domestic and international radio broadcasting companies. Clear Channel was also one of the world's largest outdoor advertising companies

based on total advertising display inventory of 156,623 domestic display faces and 573,416 international display faces. In addition, Clear Channel was one of the world's largest diversified promoters, producers and venue operators for live entertainment events. As of December 31, 2001, Clear Channel owned or operated 104 live entertainment venues domestically and 31 live entertainment venues internationally, which includes 36 domestic venues and three international venues where Clear Channel either owns a non-controlling interest or has booking, promotions or consulting agreements. Clear Channel also owns or programs 19 television stations, owns a media representation firm and represents professional athletes. Clear Channel was incorporated in Texas in 1974. Clear Channel's principal executive offices are located at 200 East Basse Road, San Antonio, Texas 78209 (telephone: 210-822-2828).



Clear Channel's radio broadcasting segment includes both radio stations for which Clear Channel is the licensee and for which it programs or sells air time under local marketing agreements or joint sales agreements. Clear Channel's radio broadcasting segment also operates radio networks and produces syndicated programming. Clear Channel's outdoor advertising segment includes advertising display faces which it owns or operates under lease management agreements. Clear Channel's live entertainment segment operates domestic and international entertainment venues which it owns or operates under lease management agreements. Clear Channel's live entertainment segment also produces live music events, Broadway and touring Broadway shows, family entertainment shows and specialized sports and motor sports events.



## RECENT DEVELOPMENTS

### ACKERLEY MERGER

On October 5, 2001, Clear Channel entered into a merger agreement to acquire The Ackerley Group, Inc. by merging one of its wholly-owned subsidiaries with and into Ackerley. Clear Channel structured the merger as a tax-free, stock-for-stock transaction. Each share of Ackerley common stock will convert into 0.35 of a share of Clear Channel's common stock. Based on the number of shares outstanding as of December 31, 2001 and assuming that no additional shares of Ackerley common stock are issued before the completion of the merger, Clear Channel will issue approximately 11.9 million shares of its common stock in the merger to the stockholders of Ackerley. Either company can terminate the merger agreement if the merger is not completed by October 5, 2002.

Ackerley holds a diversified group of outdoor, broadcasting and interactive media assets. Ackerley operates an outdoor media company with significant positions in Massachusetts, Washington and Oregon. Ackerley owns, or operates under management agreements, 18 television stations. Ackerley's radio broadcasting segment includes five stations in Seattle, Washington (four of which are owned and one for which Ackerley sells airtime).

In addition, Clear Channel will indirectly assume, or be obligated to refinance Ackerley's long-term debt in connection with the Ackerley merger, which as of December 31, 2001 was approximately $290.6 million.

Clear Channel will not complete the Ackerley merger before the filing of this prospectus, if at all. Numerous conditions must be satisfied before the completion of the merger, including the receipt of regulatory approvals and the approval of the Ackerley stockholders.

The description of the proposed merger with Ackerley is not complete. To understand the terms of the merger fully and for a more complete description, you should read the merger agreement and the detailed disclosure in our registration statement on Form S-4 filed with the SEC on November 29, 2001.

## THE CLEAR CHANNEL TRUSTS

Each Clear Channel Trust is a statutory business trust formed under Delaware law pursuant to a separate declaration of trust executed by Clear Channel, as depositor for the Clear Channel Trust, and the trustees of the trust, and the filing of a certificate of trust with the Delaware Secretary of State. The declarations of trust will be amended and restated in their entirety substantially in the form filed as an exhibit to the registration statement of which this prospectus is a part and will be qualified as indentures under the Trust Indenture Act of 1939. Unless the accompanying prospectus supplement provides otherwise, each Clear Channel Trust exists for the sole purposes of

- issuing its preferred securities,

- investing the gross proceeds of the sale of its preferred securities in junior subordinated debt securities of Clear Channel, and

- engaging in only those other activities necessary or incidental thereto.

All of each Clear Channel Trusts' common securities will be owned by Clear Channel. The common securities will rank equally with the preferred securities and payments on the common securities will be made on a pro rata basis with the preferred securities. However, upon the occurrence and continuance of an event of default under the applicable amended and restated declaration of trust, the rights of the holders of the applicable common securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the applicable preferred securities. Clear Channel will acquire common securities having an aggregate liquidation amount equal to a minimum of 1% of the total capital of each Clear Channel Trust.



Each Clear Channel Trust will have a term of at least 20 but not more than 50 years, but may terminate earlier as provided in the applicable amended and restated declaration of trust. Each Clear Channel Trust's business and affairs will be conducted by the trustees. Clear Channel will be entitled to appoint, remove or replace any of, or increase or reduce the number of, the trustees of each Clear Channel Trust. The duties and obligations of the trustees will be governed by the amended and restated declaration of trust of each Clear Channel Trust. At least one of the trustees of each Clear Channel Trust will be a person who is an employee or officer of or who is affiliated with Clear Channel. One trustee of each Clear Channel Trust will be a financial institution that is not affiliated with Clear Channel, which will act as property trustee and as indenture trustee for the purposes of the Trust Indenture Act, pursuant to the terms set forth in a prospectus supplement. In addition, unless the property trustee maintains a principal place of business in the State of Delaware and otherwise meets the requirements of applicable law, one trustee of each Clear Channel Trust will be a legal entity having a principal place of business in, or an individual resident of, the State of Delaware. Clear Channel will pay all fees and expenses related to each Clear Channel Trust and the offering of the preferred securities. Unless otherwise set forth in a prospectus supplement, the property trustee will be The Bank of New York, and the Delaware trustee will be The Bank of New York (Delaware). The office of the Delaware trustee in the State of Delaware is 100 White Clay Center, Newark, Delaware 19711. The principal place of business of each Clear Channel Trust is c/o Clear Channel

Communications, Inc., 200 East Basse Road, San Antonio, Texas 78209, telephone: (210) 822-2828.

## RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth the ratio of earnings to combined fixed charges and preferred stock dividends for Clear Channel.

| YEARS ENDED DECEMBER 31, | | | | |
|---|---|---|---|---|
| 2001 | 2000 | 1999 | 1998 | 1997 |
| * | 2.20 | 2.04 | 1.83 | 2.32 |

* For the year ended December 31, 2001, fixed charges exceeded earnings before income taxes and fixed charges by $1.3 billion.

The ratio of earnings to combined fixed charges and preferred stock dividends was computed on a total enterprise basis. Earnings represent income from continuing operations before income taxes less equity in undistributed net income (loss) of unconsolidated affiliates plus fixed charges. Fixed charges represent interest, amortization of debt discount and expense, and the estimated interest portion of rental charges. Clear Channel has no preferred stock outstanding for any period presented.

## USE OF PROCEEDS

Unless indicated otherwise in a prospectus supplement, Clear Channel expects to use the net proceeds from the sale of its securities for general corporate purposes, including repayment of borrowings, working capital, capital expenditures, stock repurchase programs and acquisitions. Unless otherwise specified in the accompanying prospectus supplement, each Clear Channel Trust will use all proceeds received from the sale of its preferred securities to purchase junior subordinated debt securities of Clear Channel.



## HOLDING COMPANY STRUCTURE

Clear Channel is a holding company and its assets consist primarily of investments in its subsidiaries and majority-owned partnerships. Clear Channel's rights and the rights of its creditors, including holders of debt securities or junior subordinated debt securities, to participate in the distribution of assets of any person in which Clear Channel owns an equity interest will be subject to prior claims of the person's creditors upon the person's liquidation or reorganization. However, Clear Channel may itself be a creditor with recognized claims against this person, but claims of Clear Channel would still be subject to the prior claims of any secured creditor of this person and of any holder of indebtedness of this person that is senior to that held by Clear Channel. Accordingly, the holder of debt securities or junior subordinated debt securities may be deemed to be effectively subordinated to those claims.

## GENERAL DESCRIPTION OF SECURITIES AND RISK FACTORS

Clear Channel may offer shares of common stock or preferred stock, debt securities, junior subordinated debt securities, warrants, stock purchase

contracts, stock purchase units, or any combination of them either individually or as units consisting of one or more securities under this prospectus. Each Clear Channel Trust may offer preferred securities under this prospectus.

THE SECURITIES TO BE OFFERED MAY INVOLVE A HIGH DEGREE OF RISK. THE RISKS WILL BE SET FORTH IN THE PROSPECTUS SUPPLEMENT RELATING TO THE SECURITY. IN ADDITION, ADDITIONAL RISK FACTORS RELATING TO CLEAR CHANNEL'S BUSINESS MAY BE SET FORTH IN A PROSPECTUS SUPPLEMENT OR INCLUDED IN CLEAR CHANNEL'S MOST RECENT ANNUAL REPORT ON FORM 10-K OR OTHER DOCUMENT THAT IS INCORPORATED BY REFERENCE INTO THIS DOCUMENT.

## DESCRIPTION OF SENIOR AND SUBORDINATED DEBT SECURITIES

The following description of Clear Channel's senior and subordinated debt securities summarizes the general terms and provisions of its debt securities to which any prospectus supplement may relate. We will describe the specific terms of Clear Channel's debt securities and the extent, if any, to which the general provisions summarized below may apply to any series of its debt securities in the prospectus supplement relating to the series. In this prospectus, "debt securities" will be used to refer to senior and subordinated debt securities, but not to junior subordinated debt securities.

Clear Channel may issue its senior debt securities from time to time, in one or more series under a senior indenture, between Clear Channel and The Bank of New York, as senior trustee, or another senior trustee named in a prospectus supplement. The form of senior indenture is filed as an exhibit to the registration statement. Clear Channel may issue its subordinated debt securities from time to time, in one or more series under a subordinated indenture, between Clear Channel and The Bank of New York, as subordinated trustee, or another subordinated trustee named in a prospectus supplement. The form of subordinated indenture is filed as an exhibit to the registration statement. Together the senior indenture and the subordinated indenture are called the indentures, and together the senior trustee and the subordinated trustee are called the debt trustees. Both indentures are governed by New York law. None of the indentures will limit the amount of debt securities that may be issued. The applicable indenture will provide that debt securities may be issued up to an aggregate principal amount authorized by Clear Channel and may be payable in any currency or currency unit designated by it or in amounts determined by reference to an index.

### GENERAL

The senior debt securities will be unsecured and will rank equally with Clear Channel's other unsecured and unsubordinated debt, unless Clear Channel is required to secure the senior debt securities as described below under "-- Senior Debt Securities." Clear Channel's obligations under any subordinated debt securities will be subordinate in right of payment to all of its senior indebtedness, and will be



described in an accompanying prospectus supplement. Clear Channel will issue debt securities from time to time and offer its debt securities on terms determined by market conditions at the time of sale.

Clear Channel may issue its debt securities in one or more series with the same or various maturities, at par, at a premium, or at a discount. Any debt securities bearing no interest or interest at a rate which at the time of issuance is below market rates will be sold at a discount, which may be substantial, from their stated principal amount. We will describe the federal income tax consequences and other special considerations applicable to any

substantially discounted debt securities in the related prospectus supplement.

You should refer to the prospectus supplement for the following terms of the debt securities offered hereby:

- the designation, aggregate principal amount and authorized denominations of the debt securities;
- the percentage of the principal amount at which Clear Channel will issue the debt securities;
- the date or dates on which the debt securities will mature;
- the annual interest rate or rates of the debt securities, or the method of determining the rate or rates;
- the date or dates on which any interest will be payable, the date or dates on which payment of any interest will commence and the regular record dates for the interest payment dates;
- the terms of any mandatory or optional redemption, including any provisions for any sinking, purchase or other similar funds, or repayment options;
- the currency, currencies or currency units for which the debt securities may be purchased and in which the principal, any premium and any interest may be payable;
- if the currency, currencies or currency units for which the debt securities may be purchased or in which the principal, any premium and any interest may be payable is at Clear Channel's election or the purchaser's election, the manner in which the election may be made;
- if the amount of payments on the debt securities is determined by an index based on one or more currencies or currency units, or changes in the price of one or more securities or commodities, the manner in which the amounts may be determined;
- the extent to which any of the debt securities will be issuable in temporary or permanent global form, and the manner in which any interest payable on a temporary or permanent global security will be paid;
- the terms and conditions upon which the debt securities may be convertible into or exchanged for common stock, preferred stock, or indebtedness or other securities included in this document;
- information with respect to book-entry procedures, if any;
- a discussion of the federal income tax, accounting and other special considerations, procedures and limitations with respect to the debt securities; and
- any other specific terms of the debt securities not inconsistent with the applicable indenture.

If Clear Channel sells any of the debt securities for one or more foreign currencies or foreign currency units or if the principal of, premium, if any, or interest on any series of debt securities will be payable in one or more foreign currencies or foreign currency units, it will describe the restrictions, elections, federal income tax consequences, specific terms and other information with respect to the issue of debt securities and the currencies or currency units in the related prospectus supplement.

Unless specified otherwise in a prospectus supplement, the principal of, premium on, and interest on the debt securities will be payable, and the debt securities will be transferable, at the corporate trust office of the applicable debt trustee in New York, New York. However, Clear Channel may make payment of



interest at its option by check mailed on or before the payment date to the address of the person entitled to the interest payment as it appears on the registry books of Clear Channel or its agents.

Unless specified otherwise in a prospectus supplement, Clear Channel will issue the debt securities only in fully registered form and in denominations of $1,000 and any integral multiple of $1,000. No service charge will be made for any transfer or exchange of any debt securities, but Clear Channel may, except in specific cases not involving any transfer, require payment of a sufficient amount to cover any tax or other governmental charge payable in connection with the transfer or exchange. Unless we specify otherwise in the prospectus supplement, Clear Channel will pay interest on outstanding debt securities to holders of record on the date 15 days immediately prior to the date the interest is to be paid.

Clear Channel's rights and the rights of its creditors, including holders of debt securities, to participate in any distribution of assets of any of Clear Channel subsidiary upon its liquidation or reorganization or otherwise is subject to the prior claims of creditors of the subsidiary, except to the extent that Clear Channel's claims as a creditor of the subsidiary may be recognized. Clear Channel's operations are conducted through its subsidiaries and, therefore, Clear Channel is dependent upon the earnings and cash flow of its subsidiaries to meet its obligations, including obligations under the debt securities. The debt securities will be effectively subordinated to all indebtedness of Clear Channel's subsidiaries.

GLOBAL SECURITIES

Clear Channel may issue debt securities of a series in whole or in part in the form of one or more global securities and will deposit them with or on behalf of a depositary identified in the prospectus supplement relating to that series. Clear Channel may issue global securities only in fully registered form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual debt securities represented thereby, a global security may not be transferred except as a whole by the depositary for the global security to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or by the depositary or any nominee of the depositary to a successor or any nominee.

The specific terms of the depositary arrangement relating to a series of debt securities will be described in the prospectus supplement relating to that series. It is anticipated that the following provisions will generally apply to depositary arrangements.

Upon the issuance of a global security, the depositary for the global security or its nominee will credit on its book entry registration and transfer system the principal amounts of the individual debt securities represented by the global security to the accounts of persons that have accounts with the depositary. The accounts will be designated by the dealers, underwriters or agents with respect to the debt securities or by Clear Channel if the debt securities are offered and sold directly by it. Ownership of beneficial interests in a global security will be limited to persons that have accounts with the applicable depositary participants or persons that hold interests through participants. Ownership of beneficial interests in the global security

will be shown on, and the transfer of that ownership will be effected only through, records maintained by

- the applicable depositary or its nominee, with respect to interests of participants, and

- the records of participants, with respect to interests of persons other than participants.

The laws of some states require that purchasers of securities take physical delivery of the securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in a global security.

So long as the depositary for a global security or its nominee is the registered owner of the global security, the depositary or the nominee will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a global security will

- not be entitled to have any of the individual debt securities of the series represented by the global security registered in their names;



- not receive or be entitled to receive physical delivery of any debt security of that series in definitive form; and

- not be considered the owners or holders thereof under the applicable indenture governing the debt securities.

Payments of principal of, any premium on, and any interest on individual debt securities represented by a global security registered in the name of a depositary or its nominee will be made to the depositary or its nominee as the registered owner of the global security representing the debt securities. Neither Clear Channel, the applicable debt trustee for the debt securities, any Paying Agent, nor the Security Registrar for the debt securities will have any responsibility or liability for the records relating to or payments made on account of beneficial ownership interests of the global security for the debt securities or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

Clear Channel expects that the depositary for a series of debt securities or its nominee, upon receipt of any payment of principal, premium or interest in respect of a permanent global security representing any of the debt securities, will immediately credit participants' accounts with payments in amounts proportionate to their beneficial interests in the principal amount of the global security for the debt securities as shown on the records of the depositary or its nominee. Clear Channel also expects that payments by participants to owners of beneficial interests in the global security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name." The payments will be the responsibility of those participants.

If the depositary for a series of debt securities is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by Clear Channel within 90 days, Clear Channel will issue individual debt securities of that series in exchange for the global security representing that series of debt securities. In addition, Clear Channel may at any time and in its sole discretion, subject to any limitations described in the prospectus supplement relating to the debt securities, determine not to have any debt securities of a series represented by one or more global securities. In that

event, Clear Channel will issue individual debt securities of that series in exchange for the global security or securities representing that series of debt securities. Further, if Clear Channel so specifies with respect to the debt securities of a series, an owner of a beneficial interest in a global security representing debt securities of that series may, on terms acceptable to Clear Channel, the applicable debt trustee and the depositary for such global security, receive individual debt securities of that series in exchange for the beneficial interests, subject to any limitations described in the prospectus supplement relating to the debt securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities of the series represented by the global security equal in principal amount to the beneficial interest and to have the debt securities registered in its name. Individual debt securities of the series so issued will be issued in denominations, unless otherwise specified by Clear Channel, of $1,000 and integral multiples of $1,000.

CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

Each indenture prohibits Clear Channel's consolidation with or merger into any other corporation or the transfer of Clear Channel's properties and assets to any person, unless:

- the successor corporation is organized and existing under the laws of the United States, any State thereof or the District of Columbia, and expressly assumes by a supplemental indenture the punctual payment of the principal of, premium on and interest on, all the outstanding debt securities and the performance of every covenant in the applicable indenture to be performed or observed on Clear Channel's part;

- immediately after giving effect to the transaction, no event of default has happened and is continuing; and



- Clear Channel has delivered to the applicable debt trustee an officers' certificate and an opinion of counsel, each stating that the consolidation, merger, conveyance or transfer and the supplemental indenture comply with the foregoing provisions relating to the transaction.

In case of any consolidation, merger, conveyance or transfer, the successor corporation will succeed to and be substituted for Clear Channel as obligor on the debt securities, with the same effect as if it had been named as Clear Channel in the applicable indenture. Unless otherwise specified in a prospectus supplement, other than the restrictions on Mortgages described below, the indentures and the debt securities do not contain any covenants or other provisions designed to protect holders of debt securities in the event of a highly leveraged transaction involving Clear Channel or any Subsidiary (defined below).

EVENTS OF DEFAULT; WAIVER AND NOTICE OF DEFAULT; DEBT SECURITIES IN FOREIGN CURRENCIES

An event of default when used in an indenture will mean any of the following as to any series of debt securities:

- default for 30 days in payment of any interest, or, in the case of the subordinated indenture, for a period of 90 days;

- default in payment of principal of or any premium at maturity;

- default in payment of any sinking or purchase fund or similar obligation;

- default by Clear Channel in the performance of any other covenant or warranty contained in the applicable indenture for the benefit of that series which has not been remedied for a period of 90 days after notice is given; or

- events of Clear Channel's bankruptcy, insolvency and reorganization.

A default under Clear Channel's other indebtedness will not be a default under the indentures and a default under one series of debt securities will not necessarily be a default under another series.

Each indenture provides that if an event of default described in the first four bullet points above, if the event of default under the fourth bullet point is with respect to less than all series of debt securities then outstanding, has occurred and is continuing with respect to any series, either the applicable debt trustee or the holders of not less than 25% in aggregate principal amount of the debt securities of the series then outstanding, each series acting as a separate class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all outstanding debt securities of the series and the accrued interest to be due and payable immediately. Each indenture further provides that if an event of default described in the fourth or fifth bullet points above, if the event of default under the fourth bullet point is with respect to all series of debt securities then outstanding, has occurred and is continuing, either the applicable debt trustee or the holders of at least 25% in aggregate principal amount of all debt securities then outstanding, treated as one class, may declare the principal or, in the case of original issue discount securities, the portion specified in the terms thereof, of all debt securities then outstanding and the accrued interest to be due and payable immediately. However, upon certain conditions the declarations may be annulled and past defaults, except for defaults in the payment of principal of, premium on, or interest on, the debt securities and in compliance with certain covenants, may be waived by the holders of a majority in aggregate principal amount of the debt securities of the series then outstanding.

Under each indenture the applicable debt trustee must give notice to the holders of each series of debt securities of all uncured defaults known to it with respect to that series within 90 days after a default occurs. The term "default" includes the events specified above without notice or grace periods. However, in the case of any default of the type described in the fourth bullet point above, no notice may be given until at least 90 days after the occurrence of the event. The debt trustee will be protected in withholding notice if it in good faith determines that the withholding of notice is in the interests of the holders of the debt securities, except in the case of default in the payment of principal of, premium on, or interest on, any of the debt securities, or default in the payment of any sinking or purchase fund installment or analogous obligations.



No holder of any debt securities of any series may institute any action under either indenture unless:

- the holder has given the debt trustee written notice of a continuing event of default with respect to that series;

- the holders of not less than 25% in aggregate principal amount of the debt securities of the series then outstanding have requested the debt trustee to institute proceedings in respect of the event of default;

- the holder or holders have offered the debt trustee reasonable indemnity as the debt trustee may require;

- the debt trustee has failed to institute an action for 60 days; and

- no inconsistent direction has been given to the debt trustee during the 60-day period by the holders of a majority in aggregate principal amount of debt securities of the series then outstanding.

The holders of a majority in aggregate principal amount of the debt securities of any series affected and then outstanding will have the right, subject to limitations, to direct the time, method and place of conducting any proceeding for any remedy available to the applicable debt trustee or exercising any trust or power conferred on the debt trustee with respect to a series of debt securities. Each indenture provides that if an event of default occurs and is continuing, the debt trustee will be required to use the degree of care of a prudent person in the conduct of that person's own affairs in exercising its rights and powers under the indenture. Each indenture further provides that the debt trustee will not be required to expend or risk its own funds in the performance of any of its duties under the indenture unless it has reasonable grounds for believing that repayment of the funds or adequate indemnity against the risk or liability is reasonably assured to it.

Clear Channel must furnish to the debt trustees within 120 days after the end of each fiscal year a statement signed by one of its officers to the effect that a review of its activities during the year and of its performance under the applicable indenture and the terms of the debt securities has been made, and, to the best of the knowledge of the signatories based on the review, Clear Channel has complied with all conditions and covenants of the indenture through the year or, if Clear Channel is in default, specifying the default.

To determine whether the holders of the requisite principal amount of debt securities have taken action as described above when the debt securities are denominated in a foreign currency, the principal amount of the debt securities will be deemed to be that amount of United States dollars that could be obtained for the principal amount based on the applicable spot rate of exchange as of the date the action is taken as evidenced to the debt trustee as provided in the indenture.

To determine whether the holders of the requisite principal amount of debt securities have taken action as described above when the debt securities are original issue discount securities, the principal amount of the debt securities will be deemed to be the portion of the principal amount that would be due and payable at the time the action is taken upon a declaration of acceleration of maturity.

MODIFICATION OF THE INDENTURES

The indentures provide that Clear Channel and the applicable debt trustee may, without the consent of any holders of debt securities, enter into supplemental indentures for the purposes, among other things, of

- adding to Clear Channel's covenants;

- adding additional events of default;

- establishing the form or terms of any series of debt securities; or

- curing ambiguities or inconsistencies in the indenture or making other provisions.

With specific exceptions, the applicable indenture or the rights of the holders of the debt securities may be modified by Clear Channel and the applicable debt trustee with the consent of the holders of a majority in aggregate principal amount of the debt securities of each series affected by the modification then outstanding, but no modification may be made without the consent of the holder of each outstanding debt security affected which would:

- change the maturity of any payment of principal of, or any premium on, or any installment of interest on any debt security;

- reduce the principal amount of or the interest or any premium on any debt security;

- change the method of computing the amount of principal of or interest on any date;

- change any place of payment where, or the currency in which, any debt security or any premium or interest is payable;

- impair the right to sue for the enforcement of any payment on or after the maturity thereof, or, in the case of redemption or repayment, on or after the redemption date or the repayment date;

- reduce the percentage in principal amount of the outstanding debt securities of any series where the consent of the holders is required for any modification, or the consent of the holders is required for any waiver of compliance with provisions of the applicable indenture or specific defaults and their consequences provided for in the indenture; or

- modify any of the provisions of specific sections of the applicable indenture, including the provisions summarized in this section, except to increase any percentage or to provide that other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debt security affected thereby.

SATISFACTION AND DISCHARGE OF THE INDENTURES; DEFEASANCE

The indentures will generally cease to be of any further effect with respect to a series of debt securities if Clear Channel delivers all debt securities of that series, with limited exceptions, for cancellation to the applicable debt trustee or all debt securities of that series not previously delivered for cancellation to the applicable debt trustee have become due and payable or will become due and payable or called for redemption within one year, and Clear Channel has deposited with the applicable debt trustee as trust funds the entire amount sufficient to pay at maturity or upon redemption all the debt securities, no default with respect to the debt securities has occurred and is continuing on the date of the deposit, and the deposit does not result in a breach or violation of, or default under, the applicable indenture or any other agreement or instrument to which Clear Channel is a party.

Clear Channel has a "legal defeasance option" under which it may terminate, with respect to the debt securities of a particular series, all of its obligations under the debt securities and the applicable indenture. In addition, Clear Channel has a "covenant defeasance option" under which it may terminate, with respect to the debt securities of a particular series, Clear Channel's obligations with respect to the debt securities under specified covenants contained in the applicable indenture. If Clear Channel exercises its legal defeasance option with respect to a series of debt securities, payment of the

debt securities may not be accelerated because of an event of default. If Clear Channel exercises its covenant defeasance option with respect to a series of debt securities, payment of the debt securities may not be accelerated because of an event of default related to the specified covenants.

Clear Channel may exercise its legal defeasance option or its covenant defeasance option with respect to the debt securities of a series only if:

- Clear Channel deposits in trust with the applicable debt trustee cash or debt obligations of the United States of America or its agencies or instrumentalities for the payment of principal, premium and interest with respect to the debt securities to maturity or redemption;



- Clear Channel delivers to the applicable debt trustee a certificate from a nationally recognized firm of independent public accountants expressing their opinion that the payments of principal and interest when due will provide cash sufficient to pay the principal, premium, and interest when due with respect to all the debt securities of that series to maturity or redemption;

- 91 days pass after the deposit is made and during the 91-day period no default described in the fifth bullet point under "-- Events of Default, Waiver and Notice Of Default; Debt Securities in Foreign Currencies" above with respect to Clear Channel occurs that is continuing at the end of the period;

- no default has occurred and is continuing on the date of the deposit;

- the deposit does not constitute a default under any other agreement binding on Clear Channel;

- Clear Channel delivers to the applicable debt trustee an opinion of counsel to the effect that the trust resulting from the deposit does not constitute a regulated investment company under the Investment Company Act of 1940;

- Clear Channel has delivered to the applicable debt trustee an opinion of counsel addressing specific federal income tax matters relating to the defeasance; and

- Clear Channel delivers to the applicable debt trustee an officers' certificate and an opinion of counsel stating that all conditions to the defeasance and discharge of the debt securities of that series have been complied with.

The applicable debt trustee will hold in trust cash or debt obligations of the United States of America or its agencies or instrumentalities deposited with it as described above and will apply the deposited cash and the proceeds from deposited debt obligations of the United States of America or its agencies or instrumentalities to the payment of principal, premium, and interest with respect to the debt securities of the defeased series.

CONCERNING THE DEBT TRUSTEES

Clear Channel will identify the debt trustee for the senior debt securities and the debt trustee for the subordinated debt securities in the relevant prospectus supplement. In specific instances, Clear Channel or the holders of a majority of the then outstanding principal amount of the debt securities issued under an indenture may remove the debt trustee and appoint a successor debt

trustee. The debt trustee may become the owner or pledgee of any of the debt securi