

CLEAR CHANNEL COMMUNICATIONS INC

Form 10-Q

May 10, 2007

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**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q**

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 AND 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____

**Commission file number 1-9645
CLEAR CHANNEL COMMUNICATIONS, INC.
(Exact name of registrant as specified in its charter)**

Texas
(State of Incorporation)

74-1787539
(I.R.S. Employer Identification No.)

200 East Basse Road
San Antonio, Texas
(Address of principal executive offices)

78209
(Zip Code)

(210) 822-2828

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One): Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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

Class	Outstanding at May 8, 2007
Common Stock, \$.10 par value	496,372,680

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Table of Contents**PART I****Item 1. UNAUDITED FINANCIAL STATEMENTS****CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****ASSETS****(In thousands)**

	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 107,605	\$ 114,004
Accounts receivable, net of allowance of \$60,896 in 2007 and \$57,799 in 2006	1,542,603	1,695,348
Prepaid expenses	135,925	122,845
Other current assets	269,208	266,141
Income taxes receivable	10,465	7,392
Total Current Assets	2,065,806	2,205,730
PROPERTY, PLANT AND EQUIPMENT		
Land, buildings and improvements	891,215	888,593
Structures	3,618,317	3,601,653
Towers, transmitters and studio equipment	860,568	855,940
Furniture and other equipment	568,633	555,050
Construction in progress	96,172	92,641
	6,034,905	5,993,877
Less accumulated depreciation	2,871,290	2,787,934
	3,163,615	3,205,943
Property, plant and equipment from discontinued operations, net	25,303	30,267
INTANGIBLE ASSETS		
Definite-lived intangibles, net	505,046	522,817
Indefinite-lived intangibles licenses	4,316,006	4,323,447
Indefinite-lived intangibles permits	242,343	260,950
Goodwill	7,434,320	7,421,924
Intangible assets from discontinued operations, net	86,009	92,527
OTHER ASSETS		
Notes receivable	7,537	7,587
Investments in, and advances to, nonconsolidated affiliates	318,462	314,647
Other assets	283,682	270,204
Other investments	238,201	245,749
Total Assets	\$ 18,686,330	\$ 18,901,792

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

	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)
CURRENT LIABILITIES		
Accounts payable	\$ 133,236	\$ 156,921
Accrued expenses	821,082	893,045
Accrued interest	87,389	112,049
Current portion of long-term debt	562,638	336,375
Deferred income	193,677	143,691
Other current liabilities	17,160	21,765
Total Current Liabilities	1,815,182	1,663,846
Long-term debt	6,862,109	7,326,700
Other long-term obligations	73,165	68,509
Deferred income taxes	649,231	752,431
Other long-term liabilities	795,069	698,574
Minority interest	362,852	349,391
Commitments and contingent liabilities (Note 6)		
SHAREHOLDERS EQUITY		
Common Stock	49,632	49,399
Additional paid-in capital	26,805,623	26,745,687
Retained deficit	(19,029,751)	(19,054,365)
Accumulated other comprehensive income	306,767	304,975
Cost of shares held in treasury	(3,549)	(3,355)
Total Shareholders Equity	8,128,722	8,042,341
Total Liabilities and Shareholders Equity	\$ 18,686,330	\$ 18,901,792

See Notes to Consolidated Financial Statements

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CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share data)

	Three Months Ended March 31, 2007	2006
Revenue	\$ 1,608,315	\$ 1,489,609
Operating expenses:		
Direct operating expenses (includes share based payments of \$3,202 and \$4,316 in 2007 and 2006, respectively, and excludes depreciation and amortization)	669,271	623,302
Selling, general and administrative expenses (includes share based payments of \$3,026 and \$4,450 in 2007 and 2006, respectively, and excludes depreciation and amortization)	461,177	448,658
Depreciation and amortization	147,377	150,066
Corporate expenses (includes share based payments of \$2,414 and \$3,403 in 2007 and 2006, respectively, and excludes depreciation and amortization)	49,144	41,524
Merger expenses	1,686	
Gain on disposition of assets net	5,297	47,507
Operating income	284,957	273,566
Interest expense	118,074	114,376
Gain (loss) on marketable securities	395	(2,324)
Equity in earnings of nonconsolidated affiliates	5,094	6,909
Other income (expense) net	53	(583)
Income before income taxes, minority interest and discontinued operations	172,425	163,192
Income tax benefit (expense):		
Current	(36,004)	(4,159)
Deferred	(36,932)	(62,750)
Income tax benefit (expense)	(72,936)	(66,909)
Minority interest income (expense), net of tax	(276)	780
Income before discontinued operations	99,213	97,063
Income (loss) from discontinued operations, net	3,009	(249)
Net income	\$ 102,222	\$ 96,814
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	8,751	9,089
Unrealized gain (loss) on securities and derivatives:		
Unrealized holding gain (loss) on marketable securities	(6,959)	(24,058)
Unrealized holding gain (loss) on cash flow derivatives		25,564
Comprehensive income	\$ 104,014	\$ 107,409
Net income (loss) per common share:		
Income before discontinued operations Basic	\$.20	\$.19

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Discontinued operations	Basic		.01		(.00)
Net income (loss)	Basic		\$.21	\$.19
Income before discontinued operations	Diluted		\$.20	\$.19
Discontinued operations	Diluted		.01		(.00)
Net income (loss)	Diluted		\$.21	\$.19
Dividends declared per share			\$.1875	\$.1875

See Notes to Consolidated Financial Statements

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

	Three Months Ended March	
	31,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 102,222	\$ 96,814
(Income) loss from discontinued operations, net	(3,009)	249
	99,213	97,063
Reconciling items:		
Depreciation and amortization	147,377	150,066
Deferred taxes	36,932	62,750
(Gain) loss on disposal of assets	(5,297)	(47,507)
(Gain) loss forward exchange contract	2,962	8,798
(Gain) loss on trading securities	(3,358)	(6,474)
Provision for doubtful accounts	9,215	6,894
Share-based compensation	8,642	12,169
Equity in earnings of non-consolidated affiliates	(5,094)	(6,909)
Other reconciling items net	129	(2,258)
Changes in operating assets and liabilities:		
Decrease in income taxes receivable		118,120
Changes in other operating assets and liabilities, net of effects of acquisitions	47,134	50,163
Net cash provided by operating activities	337,855	442,875
Cash flows from investing activities:		
Decrease (increase) in notes receivable net	50	1,920
Decrease (increase) in investments in and advances to nonconsolidated affiliates net	5,835	2,710
Purchases of investments	(393)	
Purchases of property, plant and equipment	(67,537)	(63,806)
Proceeds from disposal of assets	13,333	44,217
Acquisition of operating assets, net of cash acquired	(12,189)	(61,452)
Decrease (increase) in other net	(14,816)	(20,558)
Net cash used in investing activities	(75,717)	(96,969)
Cash flows from financing activities:		
Draws on credit facilities	252,881	1,054,007
Payments on credit facilities	(239,582)	(926,772)
Proceeds from long-term debt		508,849
Payments on long-term debt	(260,416)	(9,189)
Payments for purchase of common shares		(876,316)
Proceeds from exercise of stock options, stock purchase plan, common stock warrants, and other	56,555	9,756
Dividends paid	(92,603)	(100,909)

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Net cash used in financing activities	(283,165)	(340,574)
Cash flows from discontinued operations:		
Net cash provided by operating activities	703	1,837
Net cash provided by (used in) investing activities	13,925	(319)
Net cash provided by (used in) financing activities		
Net cash provided by (used in) discontinued operations	14,628	1,518
Net (decrease) increase in cash and cash equivalents	(6,399)	6,850
Cash and cash equivalents at beginning of period	114,004	82,786
Cash and cash equivalents at end of period	\$ 107,605	\$ 89,636

See Notes to Consolidated Financial Statements

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Table of Contents**CLEAR CHANNEL COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)****Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Preparation of Interim Financial Statements**

The consolidated financial statements were prepared by Clear Channel Communications, Inc. (the Company) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) and, in the opinion of management, include all adjustments (consisting of normal recurring accruals and adjustments necessary for adoption of new accounting standards) necessary to present fairly the results of the interim periods shown. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to such SEC rules and regulations. Management believes that the disclosures made are adequate to make the information presented not misleading. Due to seasonality and other factors, the results for the interim periods are not necessarily indicative of results for the full year. The financial statements contained herein should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2006 Annual Report on Form 10-K.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in companies in which the Company owns 20 percent to 50 percent of the voting common stock or otherwise exercises significant influence over operating and financial policies of the company are accounted for under the equity method. All significant intercompany transactions are eliminated in the consolidation process.

Certain Reclassifications

The Company has reclassified certain selling, general and administrative expenses to direct operating expenses in 2006 to conform to current year presentation.

Discontinued Operations and Assets Held for Sale

On November 16, 2006, the Company announced plans to sell certain radio markets, comprising 448 of its radio stations. These markets are located outside the top 100 U.S. media markets. As of March 31, 2007 the Company had sold 12 radio stations, 5 of which were not part of the announced 448 stations, and had definitive agreements to sell an additional 93 radio stations, 8 of which were not part of the announced 448 stations. The closing of the transactions under definitive asset purchase agreements will be subject to antitrust clearances, FCC approval and other customary closing conditions. The Company determined that each of these markets represents a disposal group. Consistent with the provisions of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*, the Company classified these markets' assets and liabilities that are subject to transfer under the definitive asset purchase agreements as discontinued operations at March 31, 2007 and December 31, 2006.

Accordingly, depreciation and amortization associated with these assets was discontinued. Additionally, the Company determined that these markets comprise operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. Therefore, the results of operations for these markets were presented as discontinued operations, net of tax, for all periods presented. As a result, the historical footnote disclosures have been revised to exclude amounts related to these businesses. As of March 31, 2007, the Company determined that the estimated fair value less costs to sell attributable to these markets was in excess of the carrying value of their related net assets held for sale.

Summarized operating results for the three months ended March 31, 2007 and 2006 from these markets are as follows:

<i>(In thousands)</i>	2007	2006
Revenue	\$11,030	\$14,773
Income (loss) before income taxes	\$ 2,815	\$ (422)

Included in income (loss) from discontinued operations, net are an income tax benefit of \$0.2 million and an expense of \$0.2 million for the three months ended March 31, 2007 and 2006, respectively. Also included in income (loss) from discontinued operations for the three months ended March 31, 2007 is a gain on sale of stations of \$2.8 million.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (Statement 159), was issued in February 2007. Statement 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Statement 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between

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entities that choose different measurement attributes for similar types of assets and liabilities. Statement 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. Statement 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in Statements No. 157, *Fair Value Measurements*, and No. 107, *Disclosures about Fair Value of Financial Instruments*. Statement 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. The Company expects to adopt Statement 159 on January 1, 2008 and does not anticipate adoption to materially impact its financial position or results of operations.

New Accounting Standard

The Company adopted Financial Accounting Standard Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48) on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in the financial statements. FIN 48 prescribes a recognition threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken within an income tax return. The adoption of FIN 48 resulted in an increase of \$15.4 million to the January 1, 2007 balance of Retained deficit and an increase of \$101.7 million in Other long term-liabilities for unrecognized tax benefits and a decrease of \$138.6 million in Deferred income taxes. The total amount of unrecognized tax benefits at January 1, 2007 was \$416.1 million, inclusive of \$89.6 million for interest. Of this total, \$218.4 million represents the amount of unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods.

The Company continues to record interest and penalties related to unrecognized tax benefits in current income tax expense. The total amount of interest accrued during the quarter ended March 31, 2007, was \$10.0 million. The total amount of unrecognized tax benefits at March 31, 2007 was \$426.1 million.

The Company and its subsidiaries file income tax returns in the United States federal jurisdiction and various state and foreign jurisdictions. The Company is in the process of settling most federal issues for the tax years 2000, 2001 and 2002 with the Internal Revenue Service (IRS). The IRS is near completion of its field examinations of the Company's tax returns through 2004. The Company expects to resolve several of its federal issues with the IRS within the next 12 months without any material adverse impact on the Company's financial statements. Substantially all material state, local, and foreign income tax matters have been concluded for years through 1999.

Note 2: INTANGIBLE ASSETS AND GOODWILL

The Company has definite-lived intangible assets which consist primarily of transit and street furniture contracts and other contractual rights in its Americas and International outdoor segments, talent and program right contracts in its radio segment, and contracts for non-affiliated radio and television stations in the Company's media representation operations, all of which are amortized over the respective lives of the agreements. Other definite-lived intangible assets are amortized over the period of time the assets are expected to contribute directly or indirectly to the Company's future cash flows.

The following table presents the gross carrying amount and accumulated amortization for each major class of definite-lived intangible assets at March 31, 2007 and December 31, 2006:

	March 31, 2007		December 31, 2006	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>(In thousands)</i>				
Transit, street furniture, and other outdoor contractual rights	\$ 822,827	\$ 544,239	\$ 821,364	\$ 530,063
Talent contracts	125,270	119,708	125,270	115,537
Representation contracts	356,737	184,002	349,493	175,658
Other	125,868	77,707	124,881	76,933
Total	\$ 1,430,702	\$ 925,656	\$ 1,421,008	\$ 898,191

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Total amortization expense from definite-lived intangible assets for the three months ended March 31, 2007 and for the year ended December 31, 2006 was \$26.2 million and \$150.8 million, respectively. The following table presents the Company's estimate of amortization expense for each of the five succeeding fiscal years for definite-lived intangible assets:

(In thousands)

2008	\$78,540
2009	66,573
2010	50,086
2011	41,178
2012	38,667

As acquisitions and dispositions occur in the future and as purchase price allocations are finalized, amortization expense may vary.

The Company's indefinite-lived intangible assets consist of FCC broadcast licenses and billboard permits. FCC broadcast licenses are granted to both radio and television stations for up to eight years under the Telecommunications Act of 1996. The Act requires the FCC to renew a broadcast license if: it finds that the station has served the public interest, convenience and necessity; there have been no serious violations of either the Communications Act of 1934 or the FCC's rules and regulations by the licensee; and there have been no other serious violations which taken together constitute a pattern of abuse. The licenses may be renewed indefinitely at little or no cost. The Company does not believe that the technology of wireless broadcasting will be replaced in the foreseeable future. The Company's billboard permits are issued in perpetuity by state and local governments and are transferable or renewable at little or no cost. Permits typically include the location for which the permit allows the Company the right to operate an advertising structure. The Company's permits are located on either owned or leased land. In cases where the Company's permits are located on leased land, the leases are typically from 1 to 20 years and renew indefinitely, with rental payments generally escalating at an inflation based index. If the Company loses its lease, the Company will typically obtain permission to relocate the permit or bank it with the municipality for future use.

The Company does not amortize its FCC broadcast licenses or billboard permits. The Company tests these indefinite-lived intangible assets for impairment at least annually using the direct method. Under the direct method, it is assumed that rather than acquiring indefinite-lived intangible assets as a part of a going concern business, the buyer hypothetically obtains indefinite-lived intangible assets and builds a new operation with similar attributes from scratch. Thus, the buyer incurs start-up costs during the build-up phase which are normally associated with going concern value. Initial capital costs are deducted from the discounted cash flows model which results in value that is directly attributable to the indefinite-lived intangible assets.

Under the direct method, the Company continues to aggregate its indefinite-lived intangible assets at the market level for purposes of impairment testing. The Company's key assumptions using the direct method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. This data is populated using industry normalized information.

Goodwill

The Company tests goodwill for impairment using a two-step process. The first step, used to screen for potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. The second step, used to measure the amount of the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. The following table presents the changes in the carrying amount of goodwill in each of the Company's reportable segments for the three month period ended March 31, 2007:

<i>(In thousands)</i>	Radio	Americas Outdoor	International Outdoor	Other	Total
Balance as of December 31, 2006	\$ 6,279,240	\$ 667,986	\$ 425,630	\$ 49,068	\$ 7,421,924
Acquisitions		5,610	1,420		7,030

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Dispositions	(204)				(204)
Foreign currency		1,937	1,308		3,245
Adjustments	2,701	(177)		(199)	2,325
Balance as of March 31, 2007	\$ 6,281,737	\$ 675,356	\$ 428,358	\$ 48,869	\$ 7,434,320

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The Company holds options under two secured forward exchange contracts that limit its exposure to and benefit from price fluctuations in American Tower Corporation (AMT) over the terms of the contracts (the AMT contracts). These options are not designated as hedges of the underlying shares of AMT. The AMT contracts had a value of \$13.3 million and \$10.3 million recorded in Other long term liabilities at March 31, 2007 and December 31, 2006, respectively. For the three months ended March 31, 2007 and year ended December 31, 2006, the Company recognized losses of \$3.0 million and \$22.0 million, respectively, in Gain (loss) on marketable securities related to the change in fair value of the options. To offset the change in the fair value of these contracts, the Company has recorded AMT shares as trading securities. During the three months ended March 31, 2007 and year ended December 31, 2006, the Company recognized gains of \$3.4 million and \$20.5 million, respectively, in Gain (loss) on marketable securities related to the change in the fair value of the shares.

The Company is exposed to foreign currency exchange risks related to its investment in net assets in foreign countries. To manage this risk, the Company entered into two United States dollar Euro cross currency swaps with an aggregate Euro notional amount of 706.0 million and a corresponding aggregate U.S. dollar notional amount of \$877.7 million. These cross currency swaps had a value of \$73.2 million at March 31, 2007 and \$68.5 million at December 31, 2006, which was recorded in Other long-term obligations . These cross currency swaps require the Company to make fixed cash payments on the Euro notional amount while it receives fixed cash payments on the equivalent U.S. dollar notional amount, all on a semiannual basis. The Company has designated these cross currency swaps as a hedge of its net investment in Euro denominated assets. The Company selected the forward method under the guidance of the Derivatives Implementation Group Statement 133 Implementation Issue H8, *Foreign Currency Hedges: Measuring the Amount of Ineffectiveness in a Net Investment Hedge*. The forward method requires all changes in the fair value of the cross currency swaps and the semiannual cash payments to be reported as a cumulative translation adjustment in other comprehensive income (loss) in the same manner as the underlying hedged net assets. As of March 31, 2007, a \$43.6 million loss, net of tax, was recorded as a cumulative translation adjustment to other comprehensive income (loss) related to the cross currency swap.

Note 4: RECENT DEVELOPMENTS**Acquisitions**

The Company acquired Americas outdoor display faces and additional equity interests in an international outdoor company for \$12.2 million in cash during the three months ended March 31, 2007.

Disposition of Assets

The Company received proceeds of \$13.3 million primarily related to the sale of representation contracts and international street furniture assets recorded in cash flows from investing activities during the first quarter of 2007. The Company also received proceeds of \$13.9 million related to the sale of radio stations recorded as investing cash flows from discontinued operations during the first quarter of 2007.

Debt Maturities

On February 1, 2007, the Company redeemed its 3.125% Senior Notes at their maturity for \$250.0 million plus accrued interest with proceeds from its bank credit facility.

Recent Legal Proceedings

The Company is currently involved in certain legal proceedings and, as required, has accrued our estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in management s assumptions or the effectiveness of its strategies related to these proceedings.

Note 5: RESTRUCTURING

The Company restructured its outdoor operations in France in the third quarter of 2005. As a result, the Company recorded \$26.6 million in restructuring costs as a component of selling, general and administrative expenses. Of the \$26.6 million, \$22.5 million was related to severance costs and \$4.1 million was related to other costs. During 2007, \$5.0 million of related costs were paid and charged to the restructuring accrual. As of March 31, 2007, the balance was \$6.1 million.

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Note 6: COMMITMENTS AND CONTINGENCIES

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

As discussed in Note 4, there are various lawsuits and claims pending against the Company. Based on current assumptions, the Company has accrued its estimate of the probable costs for the resolution of these claims. Future results of operations could be materially affected by changes in these assumptions.

Note 7: GUARANTEES

Within the Company's \$1.75 billion credit facility, there exists a \$150.0 million sub-limit available to certain of the Company's international subsidiaries. This \$150.0 million sub-limit allows for borrowings in various foreign currencies, which are used to hedge net assets in those currencies and provide funds to the Company's international operations for certain working capital needs. Subsidiary borrowings under this sub-limit are guaranteed by the Company. At March 31, 2007, this portion of the \$1.75 billion credit facility's outstanding balance was \$17.7 million, which is recorded in Long-term debt on the Company's financial statements.

Within the Company's bank credit facility agreement is a provision that requires the Company to reimburse lenders for any increased costs that they may incur in an event of a change in law, rule or regulation resulting in their reduced returns from any change in capital requirements. In addition to not being able to estimate the potential amount of any future payment under this provision, the Company is not able to predict if such event will ever occur.

The Company guarantees \$40.0 million of credit lines provided to certain of its international subsidiaries by a major international bank. Most of these credit lines relate to intraday overdraft facilities covering participants in the Company's European cash management pool. As of March 31, 2007, no amounts were outstanding under these agreements.

As of March 31, 2007, the Company has outstanding commercial standby letters of credit and surety bonds of \$80.4 million and \$39.9 million, respectively. These letters of credit and surety bonds relate to various operational matters including insurance, bid, and performance bonds as well as other items. Letters of credit issued under the Company's \$1.75 billion credit facility reduce the borrowing availability on the credit facility, and are included in the Company's calculation of its leverage ratio covenant under the bank credit facilities. The surety bonds are not considered as borrowings under the Company's bank credit facilities.

Note 8: SEGMENT DATA

The Company has three reportable segments, which it believes best reflects how the Company is currently managed radio broadcasting, Americas outdoor advertising and International outdoor advertising. The Americas outdoor advertising segment consists primarily of our operations in the United States, Canada and Latin America, and the International outdoor segment includes operations primarily in Europe, Asia, Africa and Australia. The category other includes television broadcasting, media representation and other general support services and initiatives. Revenue and expenses earned and charged between segments are recorded at fair value and eliminated in consolidation.

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		Americas		International		Corporate and gain on disposition of assets - net	Eliminations	Consolidated
	Radio	Outdoor	Outdoor		Other			
<i>(In thousands)</i>	Broadcasting	Advertising	Advertising					
Three Months Ended March 31, 2007								
Revenue	\$ 819,744	\$ 317,023	\$ 373,833	\$ 129,737	\$	¾	\$ (32,022)	\$ 1,608,315
Direct operating expenses	239,692	134,914	259,291	53,794		¾	(18,420)	669,271
Selling, general and administrative expenses	288,334	54,243	73,290	58,912			(13,602)	461,177
Depreciation and amortization	31,585	46,561	49,109	15,775		4,347	¾	147,377
Corporate expenses						49,144		49,144
Merger expenses						1,686		1,686
Gain on disposition of assets net						5,297		5,297
Operating income (loss)	\$ 260,133	\$ 81,305	\$ (7,857)	\$ 1,256	\$ (49,880)	\$	\$	\$ 284,957
Intersegment revenues	\$ 10,577	\$ 1,904	\$	\$ 19,541	\$	¾	\$ ¾	\$ 32,022
Identifiable assets	\$ 12,019,918	\$ 2,764,927	\$ 2,391,523	\$ 1,064,020	\$ 334,630	\$	\$ ¾	\$ 18,575,018
Capital expenditures	\$ 16,394	\$ 22,582	\$ 24,671	\$ 2,423	\$ 1,467	\$	\$ ¾	\$ 67,537
Share-based payments	\$ 4,464	\$ 1,126	\$ 241	\$ 397	\$ 2,414	\$	\$ ¾	\$ 8,642
Three Months Ended March 31, 2006								
Revenue	\$ 794,123	\$ 274,102	\$ 324,267	\$ 129,353	\$	¾	\$ (32,236)	\$ 1,489,609
Direct operating expenses	242,703	120,011	224,385	54,237		¾	(18,034)	623,302
Selling, general and administrative expenses	289,535	48,194	66,841	58,290			(14,202)	448,658
Depreciation and amortization	32,653	42,232	54,088	16,721		4,372	¾	150,066

Corporate expenses						41,524			41,524
Gain on disposition of assets net						47,507			47,507

Operating income (loss)	\$	229,232	\$	63,665	\$	(21,047)	\$	105	\$	1,611	\$	273,566
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Intersegment revenues	\$	10,943	\$	1,821	\$		\$	19,472	\$	$\frac{3}{4}$	\$	$\frac{3}{4}$	\$	32,236
Identifiable assets	\$	11,963,535	\$	2,517,865	\$	2,132,607	\$	1,111,044	\$	663,504	\$	$\frac{3}{4}$	\$	18,388,555
Capital expenditures	\$	18,192	\$	14,220	\$	29,498	\$	1,878	\$	18	\$	$\frac{3}{4}$	\$	63,806
Share-based payments	\$	6,309	\$	1,157	\$	323	\$	977	\$	3,403	\$	$\frac{3}{4}$	\$	12,169

Revenue of \$399.5 million and \$346.4 million and identifiable assets of \$2.7 billion and \$2.3 billion derived from the Company's foreign operations are included in the data above for the three months ended March 31, 2007 and 2006, respectively.

Note 9: SUBSEQUENT EVENTS

On November 16, 2006, the Company entered into an Agreement and Plan of Merger (as amended, the Merger Agreement), with a Group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC. On April 18, 2007 the Company announced that it entered into an amendment to the Merger Agreement providing for, among other things, an increase in the merger consideration to be paid in the merger. Pursuant to the Merger Agreement, as amended, each share of the Company's common stock, other than those shares (i) held in the Company's treasury stock or owned by Merger Sub immediately prior to the effective time of the merger, (ii) held by shareholders who properly exercise their appraisal rights under Texas law, if any, and (iii) held by certain employees of the Company who have agreed to convert equity securities of the Company held by them into equity securities of the surviving corporation, will be converted into the right to receive \$39.00 in cash, without interest, and less any applicable withholding tax. The consummation of the merger is subject to shareholder approval, antitrust clearances, FCC approval and other customary closing conditions. The Company's Special Meeting of Shareholders to vote on the Merger Agreement is currently scheduled for May 22, 2007.

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On May 7, 2007, the Company announced that it is in discussions with the private equity group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC regarding possible changes to the terms and structure of the merger. On April 19, 2007, the Company's Board of Directors declared a quarterly cash dividend of \$0.1875 per share on the Company's Common Stock. The dividend is payable on July 15, 2007 to shareholders of record at the close of business on June 30, 2007.

On April 20, 2007, the Company entered into a definitive agreement to sell its television business for approximately \$1.2 billion. The Company estimates net proceeds after taxes and customary transaction costs will be approximately \$1.1 billion. The transaction is expected to close in the fourth quarter of 2007, subject to regulatory approvals and other customary closing conditions. The Company will begin reporting the results of operations for its television business as discontinued operations in the consolidated statements of operations and its assets and liabilities as assets and liabilities from discontinued operations in the consolidated balance sheet beginning in the second quarter of 2007. Subsequent to March 31, 2007, the Company entered into definitive agreements for the sale of 273 additional radio stations. The closing of these sales is subject to antitrust clearances, FCC approval and other customary closing conditions. The Company also completed the sale of 8 radio stations it had under definitive asset purchase agreements at March 31, 2007.

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Table of Contents**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*****Proposed Merger with a Group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC***

On November 16, 2006, we entered into an Agreement and Plan of Merger (as amended, the Merger Agreement), with a Group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC. On April 18, 2007 we announced that we had entered into an amendment to the Merger Agreement providing for, among other things, an increase in the merger consideration to be paid in the merger. Pursuant to the Merger Agreement, as amended, each share of our common stock, other than those shares (i) held in our treasury stock or owned by Merger Sub immediately prior to the effective time of the merger, (ii) held by shareholders who properly exercise their appraisal rights under Texas law, if any, and (iii) held by certain employees of ours who have agreed to convert equity securities of ours held by them into equity securities of the surviving corporation, will be converted into the right to receive \$39.00 in cash, without interest, and less any applicable withholding tax. The consummation of the merger is subject to shareholder approval, antitrust clearances, FCC approval and other customary closing conditions. Our Special Meeting of Shareholders to vote on the Merger Agreement is currently scheduled for May 22, 2007.

On May 7, 2007, we announced that we are in discussions with the private equity group led by Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC regarding possible changes to the terms and structure of the merger.

Sale of Radio Stations and all of our Television Stations

On November 16, 2006, we announced plans to sell 448 radio stations and all of our television stations. The sale of these assets is not contingent on the closing of the merger with the private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. Definitive asset purchase agreements were signed for 93 radio stations, 8 of which were not part of the announced 448 stations, as of March 31, 2007. These stations, along with 12 stations which were sold in the fourth quarter of 2006 and first quarter of 2007, 5 of which were not part of the announced 448 stations, were classified as assets from discontinued operations in our consolidated balance sheet and as discontinued operations in our consolidated statements of operations. Through May 8, 2007, we had definitive asset purchase agreements for the sale of 273 additional radio stations. The closing of these sales is subject to antitrust clearances, FCC approval and other customary closing conditions.

On April 20, 2007, we announced that we entered into a definitive agreement to sell our television business for approximately \$1.2 billion. The sale of our television business is not contingent on the closing of the merger with the private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. The transaction is expected to close in the fourth quarter of 2007, subject to regulatory approvals and other customary closing conditions. We will begin reporting the assets and results of operations of our television business as discontinued operations beginning in the second quarter of 2007.

Format of Presentation

Management's discussion and analysis of our results of operations and financial condition should be read in conjunction with the consolidated financial statements and related footnotes. Our discussion is presented on both a consolidated and segment basis. Our reportable operating segments are Radio Broadcasting, or radio, which includes our national syndication business, Americas Outdoor Advertising, or Americas, and International Outdoor Advertising, or International. Included in the other segment are television broadcasting; our media representation business, Katz Media; as well as other general support services and initiatives.

We manage our operating segments primarily focusing on their operating income, while Corporate expenses, Merger expenses, Gain (loss) on disposition of assets net, Interest expense, Gain (loss) on marketable securities, Equity in earnings of nonconsolidated affiliates, Other income (expense) net, Income tax benefit (expense), Minority interest net of tax, and Discontinued operations are managed on a total company basis and are, therefore, included only in our discussion of consolidated results.

Radio Broadcasting

Our revenues are derived from selling advertising time, or spots, on our radio stations, with advertising contracts typically less than one year. Our radio markets are run predominantly by local management teams who control the formats selected for their programming. The formats are designed to reach audiences with targeted demographic characteristics that appeal to our advertisers. Management monitors average advertising rates, which are principally

based on the length of the spot and how many people in a targeted audience listen to our stations, as measured by an independent ratings service. The size of the market influences rates as well, with larger markets typically receiving higher rates than smaller markets. Also, our advertising rates are influenced by the time of day the advertisement airs, with morning and evening drive-time hours typically the highest. Management monitors yield in

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addition to average rates because yield allows management to track revenue performance across our inventory. Yield is defined by management as revenue earned divided by commercial capacity available.

Management monitors macro level indicators to assess our radio operations performance. Due to the geographic diversity and autonomy of our markets, we have a multitude of market specific advertising rates and audience demographics. Therefore, management reviews average unit rates across all of our stations.

Management looks at our radio operations overall revenues as well as local advertising, which is sold predominately in a station's local market, and national advertising, which is sold across multiple markets. Local advertising is sold by each radio station's sales staffs while national advertising is sold, for the most part, through our national representation firm. Local advertising, which is our largest source of advertising revenue, and national advertising revenues are tracked separately, because these revenue streams have different sales forces and respond differently to changes in the economic environment.

Management also looks at radio revenue by market size, as defined by Arbitron. Typically, larger markets can reach larger audiences with wider demographics than smaller markets. Additionally, management reviews our share of target demographics listening to the radio in an average quarter hour. This metric gauges how well our formats are attracting and keeping listeners.

A portion of our radio segment's expenses vary in connection with changes in revenue. These variable expenses primarily relate to costs in our sales department, such as salaries, commissions and bad debt. Our programming and general and administrative departments incur most of our fixed costs, such as talent costs, rights fees, utilities and office salaries. Lastly, our highly discretionary costs are in our marketing and promotions department, which we primarily incur to maintain and/or increase our audience share.

Americas and International Outdoor Advertising

Our revenues are derived from selling advertising space on the displays that we own or operate in key markets worldwide consisting primarily of billboards, street furniture and transit displays. We own the majority of our advertising displays, which typically are located on sites that we either lease or own or for which we have acquired permanent easements. Our advertising contracts typically outline the number of displays reserved, the duration of the advertising campaign and the unit price per display.

Our advertising rates are based on the gross rating points, or total number of impressions delivered by a display or group of displays, expressed as a percentage of a market population. The number of impressions delivered by a display is measured by the number of people passing the site during a defined period of time and, in some international markets, is weighted to account for such factors as illumination, proximity to other displays and the speed and viewing angle of approaching traffic. Management typically monitors our business by reviewing the average rates, average revenues per display, occupancy, and inventory levels of each of our display types by market. In addition, because a significant portion of our advertising operations are conducted in foreign markets, principally France and the United Kingdom, management reviews the operating results from our foreign operations on a constant dollar basis. A constant dollar basis allows for comparison of operations independent of foreign exchange movements. Because revenue-sharing and minimum guaranteed payment arrangements are more prevalent in our International operations, the margins in our International operations typically are less than the margins in our Americas operations.

The significant expenses associated with our operations include (i) direct production, maintenance and installation expenses, (ii) site lease expenses for land under our displays and (iii) revenue-sharing or minimum guaranteed amounts payable under our street furniture and transit display contracts. Our direct production, maintenance and installation expenses include costs for printing, transporting and changing the advertising copy on our displays, the related labor costs, the vinyl and paper costs and the costs for cleaning and maintaining our displays. Vinyl and paper costs vary according to the complexity of the advertising copy and the quantity of displays. Our site lease expenses include lease payments for use of the land under our displays, as well as any revenue-sharing arrangements or minimum guaranteed amounts payable that we may have with the landlords. The terms of our site leases and revenue-sharing or minimum guaranteed contracts generally range from 1 to 20 years.

Our street furniture and transit display contracts, the terms of which range from 3 to 20 years, generally require us to make upfront investments in property, plant and equipment. These contracts may also include upfront lease payments and/or minimum annual guaranteed lease payments. We can give no assurance that our cash flows from

operations over the terms of these contracts will exceed the upfront and minimum required payments.

The results in the 2007 period reflect our acquisition of Interspace Airport Advertising, or Interspace, which we acquired in July 2006.

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Table of Contents**FAS 123(R), Share-Based Payment**

As of March 31, 2007, there was \$75.2 million of total unrecognized compensation cost related to nonvested share-based compensation arrangements. This cost is expected to be recognized over a weighted average period of approximately three years. The following table details compensation costs related to share-based payments for the three months ended March 31, 2007 and 2006:

<i>(In millions)</i>	2007	2006
Radio Broadcasting		
Direct Operating Expenses	\$2.0	\$2.8
SG&A	2.5	3.5
Americas Outdoor Advertising		
Direct Operating Expenses	\$0.8	\$0.8
SG&A	0.3	0.3
International Outdoor Advertising		
Direct Operating Expenses	\$0.2	\$0.2
SG&A	0.1	0.1
Other		
Direct Operating Expenses	\$0.2	\$0.5
SG&A	0.2	0.6
Corporate	\$2.4	\$3.4

The comparison of Three Months Ended March 31, 2007 to Three Months Ended March 31, 2006 is as follows:

<i>(In thousands)</i>	Three Months Ended March 31,		%
	2007	2006	Change
Revenue	\$ 1,608,315	\$ 1,489,609	8%
Operating expenses:			
Direct operating expenses	669,271	623,302	7%
Selling, general and administrative expenses	461,177	448,658	3%
Depreciation and amortization	147,377	150,066	(2%)
Corporate expenses	49,144	41,524	18%
Merger expenses	1,686		
Gain on disposition of assets net	5,297	47,507	
Operating income	284,957	273,566	4%
Interest expense	118,074	114,376	
Gain (loss) on marketable securities	395	(2,324)	
Equity in earnings of nonconsolidated affiliates	5,094	6,909	
Other income (expense) net	53	(583)	
Income before income taxes, minority interest, and discontinued operations	172,425	163,192	
Income tax benefit (expense):			
Current	(36,004)	(4,159)	
Deferred	(36,932)	(62,750)	
Income tax benefit (expense)	(72,936)	(66,909)	
Minority interest expense, net of tax	(276)	780	

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Income before discontinued operations	99,213	97,063
Income (loss) from discontinued operations, net	3,009	(249)
Net income	\$ 102,222	\$ 96,814

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Table of Contents**Consolidated Revenue**

Our consolidated revenues increased \$118.7 million during the first quarter of 2007 compared to the same period of 2006. Our International revenue increased \$49.6 million, including approximately \$31.2 million related to movements in foreign exchange. In addition to foreign exchange, International revenue growth was led by street furniture revenues, with billboard revenues increasing as well. Our Americas revenue increased \$42.9 million with Interspace, which we acquired in July 2006, contributing approximately \$15.3 million of the increase. In addition to Interspace, our Americas revenue growth occurred across our inventory, led by approximately \$14.8 million from increased bulletin revenues. Our radio revenue increased \$25.6 million primarily from an increase in national revenues and revenue growth in our top 100 markets.

Consolidated Direct Operating Expenses

Our consolidated direct operating expenses increased approximately \$46.0 million during the first quarter of 2007 compared to the same period of 2006. International direct operating expenses increased \$34.9 million primarily from \$22.5 million related to movements in foreign exchange and an increase in site lease expenses primarily associated with the increase in revenue and new contracts. Americas direct operating expenses increased \$14.9 million with Interspace contributing approximately \$6.6 million and production expenses contributing \$2.0 million. Partially offsetting these increases was a decline in our radio direct operating expenses of approximately \$3.0 million primarily from a decline in programming expenses.

Consolidated Selling, General and Administrative Expenses, or SG&A

Our consolidated SG&A expenses increased approximately \$12.5 million during the first quarter of 2007 compared to the same period of 2006. International SG&A expenses increased \$6.4 million related to movements in foreign exchange. Americas SG&A expenses increased \$6.1 million attributable to \$3.0 million from Interspace and the rest primarily attributable to sales expenses associated with the increase in revenue. Our radio SG&A expenses decreased \$1.2 million for the same period primarily driven by a decrease in selling expenses as a result of a decline in commission expenses.

Corporate Expenses

Corporate expenses increased \$7.6 million in the first quarter of 2007 compared to the same period of 2006 related to: (i) an increase of \$2.6 million related to legal costs, (ii) an increase of \$3.4 million in bonus expenses, and (iii) \$1.6 million of miscellaneous other items.

Gain (loss) on Disposition of Assets Net

The gain on disposition of assets net for 2007 was \$5.3 million related primarily to a \$5.5 million gain from the sale of street furniture assets, partially offset by a \$1.2 million loss from the sale of land and a \$1.0 million loss related to the sale of a radio station and agriculture network.

The gain on disposition of assets net in 2006 of \$47.5 million mostly related to \$17.1 million in our Americas outdoor segment from the swap of assets in one of our markets for the assets of a third party located in a different market and \$22.5 million in our radio segment primarily from the sale of programming rights in one of our markets.

Interest Expense

Interest expense increased \$3.7 million during the first quarter of 2007 as compared to the same period of 2006 primarily related to an increase of \$6.4 million from a higher balance on our credit facility offset by a decline of \$1.7 million from the February 2007 maturity of the 3.125% Notes and \$1.0 million of other miscellaneous items.

Gain (loss) on marketable securities

The gain (loss) on marketable securities for 2007 and 2006 relates solely to the change in value of secured forward exchange contracts and the underlying shares.

Income Tax Benefit (Expense)

Current tax expense increased \$31.8 million for the three months ended March 31, 2007 as compared with the quarter ended March 31, 2006, primarily due to current tax benefits of approximately \$22.5 million recorded in 2006 related to the disposition of certain assets. In addition, current tax expense in 2007 was higher due to an increase in Income before income taxes, minority interest, and discontinued operations of \$9.2 million.

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Deferred tax expense decreased \$25.8 million for the three months ended March 31, 2007 as compared with the quarter ended March 31, 2006, primarily due to deferred tax expense of approximately \$22.5 million recorded in 2006 related to the disposition of certain assets.

Discontinued operations

Income from discontinued operations increased \$3.3 million primarily related to the gain on the sale of radio stations that closed in the first quarter of 2007.

Segment Revenue and Divisional Operating Expenses**Radio Broadcasting**

<i>(In thousands)</i>	Three Months Ended March 31,		% Change
	2007	2006	
Revenue	\$ 819,744	\$ 794,123	3%
Direct operating expenses	239,692	242,703	(1%)
Selling, general and administrative expense	288,334	289,535	(0%)
Depreciation and amortization	31,585	32,653	(3%)
Operating income	\$ 260,133	\$ 229,232	13%

Our radio revenue increased 3% during the first quarter of 2007 as compared to 2006 primarily from an increase in national revenues and revenue growth in our top 100 markets. Our syndicated radio programming, traffic and on-line businesses also contributed to the revenue growth. Overall, yield per minute increased in the first quarter of 2007 compared to the same period of 2006. We also increased our 15 and 30 second commercials as a percent of total commercial minutes sold. Advertising categories driving the increase in national revenues were services, telecommunications, retail and health and beauty.

Our radio direct operating expenses decreased approximately \$3.0 million primarily from a decline in programming expenses during the first quarter of 2007 as compared to 2006 and our SG&A expenses decreased \$1.2 million for the same period primarily driven by a decrease in selling expenses.

Americas Outdoor Advertising

<i>(In thousands)</i>	Three Months Ended March 31,		% Change
	2007	2006	
Revenue	\$ 317,023	\$ 274,102	16%
Direct operating expenses	134,914	120,011	12%
Selling, general and administrative expenses	54,243	48,194	13%
Depreciation and amortization	46,561	42,232	10%
Operating income	\$ 81,305	\$ 63,665	28%

Our Americas revenue increased \$42.9 million, or 16%, during the first quarter of 2007 as compared to 2006. Interspace contributed approximately \$15.3 million to the increase. In addition to Interspace, the revenue growth occurred across our inventory, led by approximately \$14.8 million from increased bulletin revenues. Our bulletin rates increased, with occupancy essentially flat in 2007 compared to 2006. We also experienced rate increases on our poster and shelter inventory. Both national and local revenues experienced growth during the quarter. Revenue growth occurred across many of our markets, including Boston, Miami, Philadelphia and Seattle.

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Direct operating expenses increased \$14.9 million in the first quarter of 2007 as compared to 2006 with Interspace contributing approximately \$6.6 million and production expenses contributing \$2.0 million during this same period. SG&A expenses increased \$6.1 million attributable to \$3.0 million from Interspace and the rest primarily attributable to sales expenses associated with the increase in revenue.

Depreciation and amortization increased \$4.3 million primarily associated with \$3.0 million from Interspace.

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Table of Contents**International Outdoor Advertising**

<i>(In thousands)</i>	Three Months Ended March 31,		%
	2007	2006	Change
Revenue	\$ 373,833	\$ 324,267	15%
Direct operating expenses	259,291	224,385	16%
Selling, general and administrative expenses	73,290	66,841	10%
Depreciation and amortization	49,109	54,088	(9%)
Operating income	\$ (7,857)	\$ (21,047)	N.A.

Our International revenue increased \$49.6 million, or 15%, in the first quarter of 2007 as compared to 2006. Included in the increase was approximately \$31.2 million related to movements in foreign exchange. Growth was led by street furniture revenues, with billboard revenues increasing as well. The increase in street furniture and billboard revenues was primarily attributable to increased yield. On a constant dollar basis, revenue from our operations in France increased in 2007 over 2006 primarily from strong street furniture sales, while revenue was essentially unchanged in the United Kingdom.

Direct operating expenses increased \$34.9 million during the first quarter of 2007 as compared to 2006 primarily from approximately \$22.5 million related to movements in foreign exchange and an increase in site lease expenses primarily associated with the increase in revenue and new contracts. SG&A expenses increased \$6.4 million primarily related to movements in foreign exchange.

Depreciation and amortization declined \$5.0 million primarily from contracts which we fully amortized at December 31, 2006.

Reconciliation of Segment Operating Income (Loss) to Consolidated Operating Income

<i>(In thousands)</i>	Three Months Ended March 31,	
	2007	2006
Radio Broadcasting	\$ 260,133	\$ 229,232
Americas Outdoor Advertising	81,305	63,665
International Outdoor Advertising	(7,857)	(21,047)
Other	1,256	105
Gain on disposition of assets net Corporate	5,297 (55,177)	47,507 (45,896)
Consolidated operating income	\$ 284,957	\$ 273,566

LIQUIDITY AND CAPITAL RESOURCES**Cash Flows**

<i>(In thousands)</i>	Three Months Ended March 31,	
	2007	2006
Cash provided by (used in):		
Operating activities	\$ 337,855	\$ 442,875
Investing activities	\$ (75,717)	\$ (96,969)
Financing activities	\$ (283,165)	\$ (340,574)
Discontinued operations	\$ 14,628	\$ 1,518

Operating Activities

Cash flow from operating activities for the first quarter of 2007 primarily reflects income before discontinued operations of \$99.2 million plus depreciation and amortization of \$147.4 million and deferred taxes of \$36.9 million. Cash flow from operating activities for the three months ended March 31, 2006 principally reflects income before discontinued operations of \$97.1 million plus depreciation and amortization of \$150.1 million. Also contributing to cash flow from operating activities for the three months ended March 31, 2006, is a decrease in income taxes receivable of \$118.1 million primarily related to a tax refund from the overpayment of taxes in 2005 due to a foreign exchange loss from the restructuring of our international business in anticipation of our strategic

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realignment and from applying a portion of the capital loss generated from our spin-off of Live Nation to capital gains recognized in 2005.

Investing Activities

Cash used in investing activities for the first quarter of 2007 and 2006 principally reflects the acquisition of operating assets and property plant and equipment of \$79.7 million and \$125.3 million, respectively.

Financing Activities

Cash used in financing activities for the three months ended March 31, 2007 principally reflects net draws on our credit facility of \$13.3 million offset by \$250.0 million related to the February 2007 maturity of our 3.125% Senior Notes and \$92.6 million in dividends paid. Cash used in financing activities for the three months ended March 31, 2006 principally reflects net draws on our credit facility of \$127.2 million, net proceeds from our March, 2006 debt offering of \$497.5 million offset by \$876.3 million related to the purchase of our common stock and \$100.9 million in dividends paid.

Discontinued Operations

We had definitive asset purchase agreements signed for the sale of 93 of our radio stations as of March 31, 2007. The cash flows from these stations, along with 12 stations which were sold in the fourth quarter of 2006 and first quarter of 2007, are reported for both years as cash flows from discontinued operations.

Anticipated Cash Requirements

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

SOURCES OF CAPITAL

As of March 31, 2007 and December 31, 2006 we had the following debt outstanding:

<i>(In millions)</i>	March 31, 2007	December 31, 2006
Credit facilities	\$ 994.7	\$ 966.5
Long-term bonds (a)	6,289.2	6,531.6
Other borrowings	140.9	164.9
Total Debt	7,424.8	7,663.0
Less: Cash and cash equivalents	107.6	114.0
	\$ 7,317.2	\$ 7,549.0

(a) Includes \$6.2 million and \$7.1 million in unamortized fair value purchase accounting adjustment premiums related to the merger with AMFM at March 31, 2007 and

December 31,
2006,
respectively.
Also includes
negative
\$21.8 million
and
\$29.8 million
related to fair
value
adjustments for
interest rate
swap
agreements at
March 31, 2007
and
December 31,
2006,
respectively.

Credit Facility

We have a multi-currency revolving credit facility in the amount of \$1.75 billion, which can be used for general working capital purposes including commercial paper support as well as to fund capital expenditures, share repurchases, acquisitions and the refinancing of public debt securities. At March 31, 2007, the outstanding balance on this facility was \$994.7 million and, taking into account letters of credit of \$75.9 million, \$679.4 million was available for future borrowings, with the entire balance to be repaid on July 12, 2009.

During the three months ended March 31, 2007, we made principal payments totaling \$239.6 million and drew down \$252.9 million on the credit facility. As of May 8, 2007, the credit facility's outstanding balance was \$1.0 billion and, taking into account outstanding letters of credit, \$668.2 million was available for future borrowings.

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Table of Contents**Shelf Registration**

On August 30, 2006, we filed a Registration Statement on Form S-3 covering the issuance of debt securities, junior subordinated debt securities, preferred stock, common stock, warrants, stock purchase contracts and stock purchase units. The shelf registration statement also covers preferred securities that may be issued from time to time by our three Delaware statutory business trusts and guarantees of such preferred securities by us. This shelf registration statement was automatically effective on August 31, 2006 for a period of three years.

Debt Covenants

The significant covenants on our \$1.75 billion five-year, multi-currency revolving credit facility relate to leverage and interest coverage contained and defined in the credit agreement. The leverage ratio covenant requires us to maintain a ratio of consolidated funded indebtedness to operating cash flow (each as defined by the credit agreement) of less than 5.25x. The interest coverage covenant requires us to maintain a minimum ratio of operating cash flow (each as defined by the credit agreement) to interest expense of 2.50x. In the event that we do not meet these covenants, we are considered to be in default on the credit facility at which time the credit facility may become immediately due. At March 31, 2007, our leverage and interest coverage ratios were 3.3x and 4.8x, respectively. This credit facility contains a cross default provision that would be triggered if we were to default on any other indebtedness greater than \$200.0 million.

Our other indebtedness does not contain provisions that would make it a default if we were to default on our credit facility.

The fees we pay on our \$1.75 billion, five-year multi-currency revolving credit facility depend on the highest of our long-term debt ratings, unless there is a split rating of more than one level in which case the fees depend on the long-term debt rating that is one level lower than the highest rating. Based on our current ratings level of B+/Baa3, our fees on borrowings are a 52.5 basis point spread to LIBOR and are 22.5 basis points on the total \$1.75 billion facility. In the event our ratings improve, the fee on borrowings and facility fee decline gradually to 20.0 basis points and 9.0 basis points, respectively, at ratings of A/A3 or better. In the event that our ratings decline, the fee on borrowings and facility fee increase gradually to 120.0 basis points and 30.0 basis points, respectively, at ratings of BB/Ba2 or lower.

We believe there are no other agreements that contain provisions that trigger an event of default upon a change in long-term debt ratings that would have a material impact to our financial statements.

Additionally, our 8% senior notes due 2008, which were originally issued by AMFM Operating Inc., a wholly-owned subsidiary of Clear Channel, contain certain restrictive covenants that limit the ability of AMFM Operating Inc. to incur additional indebtedness, enter into certain transactions with affiliates, pay dividends, consolidate, or effect certain asset sales.

At March 31, 2007 we were in compliance with all debt covenants.

USES OF CAPITAL**Dividends**

Our Board of Directors declared quarterly cash dividends as follows:

(In millions, except per share data)

Declaration Date	Amount per Common Share	Record Date	Payment Date	Total Payment
October 25, 2006	0.1875	December 31, 2006	January 15, 2007	\$ 92.6
February 21, 2007	0.1875	March 31, 2007	April 15, 2007	93.0

Additionally, on April 19, 2007, our Board of Directors declared a quarterly cash dividend of \$0.1875 per share on our Common Stock. The dividend is payable on July 15, 2007 to shareholders of record at the close of business on June 30, 2007.

Acquisitions

We acquired Americas outdoor display faces and additional equity interests in an international outdoor company for \$12.2 million in cash during the three months ended March 31, 2007.

Table of Contents**Capital Expenditures**

Capital expenditures were \$67.5 million and \$63.8 million in the three months ended March 31, 2007 and 2006, respectively.

<i>(In millions)</i>	Three Months Ended March 31, 2007 Capital Expenditures				
	Americas	International	Corporate and Other	Total	
	Radio	Outdoor Advertising	Outdoor Advertising		
Non-revenue producing	\$ 16.4	\$ 9.5	\$ 8.4	\$ 3.8	\$ 38.1
Revenue producing		13.1	16.3		29.4
	\$ 16.4	\$ 22.6	\$ 24.7	\$ 3.8	\$ 67.5

Commitments, Contingencies and Guarantees

There are various lawsuits and claims pending against us. Based on current assumptions, we have accrued an estimate of the probable costs for the resolution of these claims. Future results of operations could be materially affected by changes in these assumptions.

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

Debt Maturities

On February 1, 2007, we redeemed our 3.125% Senior Notes at their maturity for \$250.0 million plus accrued interest with proceeds from our bank credit facility.

MARKET RISK**Interest Rate Risk**

At March 31, 2007, approximately 29% of our long-term debt, including fixed-rate debt on which we have entered into interest rate swap agreements, bears interest at variable rates. Accordingly, our earnings are affected by changes in interest rates. Assuming the current level of borrowings at variable rates and assuming a two percentage point change in the average interest rate under these borrowings, it is estimated that our interest expense for the three months ended March 31, 2007 would have changed by \$10.8 million and that our net income for the three months ended March 31, 2007 would have changed by \$6.3 million. In the event of an adverse change in interest rates, management may take actions to further mitigate its exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, this interest rate analysis assumes no such actions. Further, the analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment.

At March 31, 2007, we had interest rate swap agreements with a \$1.1 billion aggregate notional amount that effectively float interest at rates based upon LIBOR. These agreements expire from May 2009 to March 2012. The fair value of these agreements at March 31, 2007 was a liability of \$21.8 million.

Equity Price Risk

The carrying value of our available-for-sale and trading equity securities is affected by changes in their quoted market prices. It is estimated that a 20% change in the market prices of these securities would change their carrying value at March 31, 2007 by \$44.3 million and would change accumulated comprehensive income (loss) and net income by \$16.9 million and \$9.2 million, respectively. At March 31, 2007, we also held \$16.8 million of investments that do not have a quoted market price, but are subject to fluctuations in their value.

We maintain derivative instruments on certain of our trading equity securities to limit our exposure to and benefit from price fluctuations on those securities.

Table of Contents**Foreign Currency**

We have operations in countries throughout the world. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in the foreign markets in which we have operations. To mitigate a portion of the exposure of international currency fluctuations, we maintain a natural hedge through borrowings in currencies other than the U.S. dollar. In addition, we have U.S. dollar Euro cross currency swaps which are also designated as a hedge of our net investment in foreign denominated assets. These hedge positions are reviewed monthly. Our foreign operations reported a net loss of \$8.5 million for the three months ended March 31, 2007. It is estimated that a 10% change in the value of the U.S. dollar to foreign currencies would change net income for the three months ended March 31, 2007 by \$0.9 million.

Our earnings are also affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies as a result of our investments in various countries, all of which are accounted for under the equity method. It is estimated that the result of a 10% fluctuation in the value of the dollar relative to these foreign currencies at March 31, 2007 would change our equity in earnings of nonconsolidated affiliates by \$0.5 million and would change our net income by approximately \$0.3 million for the three months ended March 31, 2007.

This analysis does not consider the implications that such fluctuations could have on the overall economic activity that could exist in such an environment in the U.S. or the foreign countries or on the results of operations of these foreign entities.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an amendment of FASB Statement No. 115* (Statement 159), was issued in February 2007. Statement 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Statement 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. Statement 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value. Statement 159 does not eliminate disclosure requirements included in other accounting standards, including requirements for disclosures about fair value measurements included in Statements No. 157, *Fair Value Measurements*, and No. 107, *Disclosures about Fair Value of Financial Instruments*. Statement 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We expect to adopt Statement 159 on January 1, 2008 and do not anticipate adoption to materially impact our financial position or results of operations.

Inflation

Inflation has affected our performance in terms of higher costs for wages, salaries and equipment. Although the exact impact of inflation is indeterminable, we believe we have offset these higher costs in various manners.

Ratio of Earnings to Fixed Charges

The ratio of earnings to fixed charges is as follows:

Three Months Ended		Year Ended December 31,				
March 31,						
2007	2006	2006	2005	2004	2003	2002
1.81	1.80	2.35	2.31	2.86	3.64	2.58

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

Risks Regarding Forward Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by us or on our behalf. Except for the historical information, this report contains various forward-looking statements which represent our expectations or beliefs concerning future events, including our future levels of cash flow from operations. Management believes that all statements that express expectations and projections with respect to future

matters, including the success of our Merger Agreement and the planned sale of radio and television assets; our ability to negotiate contracts having more favorable terms; and the availability of capital resources; are forward-looking statements within the meaning of the Private Securities Litigation Reform Act. We caution that these forward-looking statements involve a number of risks and uncertainties and are subject to many variables which could

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impact our financial performance. These statements are made on the basis of management's views and assumptions, as of the time the statements are made, regarding future events and business performance. There can be no assurance, however, that management's expectations will necessarily come to pass. The Company does not intend to update any forward looking statements.

A wide range of factors could materially affect future developments and performance, including:
the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement;

the outcome of any legal proceedings that have been or may be instituted against us relating to the Merger Agreement;

our inability to complete the merger due to the failure to obtain shareholder approval or to satisfy any other conditions to completion of the merger;

the impact of the substantial indebtedness incurred to finance the consummation of the merger;

the impact of general economic and political conditions in the U.S. and in other countries in which we currently do business, including those resulting from recessions, political events and acts or threats of terrorism or military conflicts;

the impact of the geopolitical environment;

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;

the outcome of pending and future litigation settlements;

legislative or regulatory requirements;

interest rates;

the effect of leverage on our financial position and earnings;

taxes;

access to capital markets; and

certain other factors set forth in our filings with the Securities and Exchange Commission.

This list of factors that may affect future performance and the accuracy of forward-looking statements are illustrative, but by no means exhaustive. Accordingly, all forward-looking statements should be evaluated with the understanding of their inherent uncertainty.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Required information is within Item 2 of this Part I.

ITEM 4. CONTROLS AND PROCEDURES

Our principal executive and financial officers have concluded, based on their evaluation as of the end of the period covered by this Form 10-Q, that our disclosure controls and procedures, as defined under Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, are effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

There were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents**Part II OTHER INFORMATION****Item 1. Legal Proceedings**

On September 9, 2003, the Assistant United States Attorney for the Eastern District of Missouri caused a Subpoena to Testify before Grand Jury to be issued to us. The Subpoena requires us to produce certain information regarding commercial advertising run by us on behalf of offshore and / or online (Internet) gambling businesses, including sports bookmaking and casino-style gambling. On October 5, 2006, the Company received a subpoena from the Assistant United States Attorney for the Southern District of New York requiring it to produce certain information regarding substantially the same matters as covered in the subpoena from the Eastern District of Missouri. We are cooperating with such requirements.

On February 7, 2005, the Company received a subpoena from the State of New York Attorney General's office, requesting information on policies and practices regarding record promotion on radio stations in the state of New York. We are cooperating with this subpoena.

On April 19, 2006, we received a letter of inquiry from the Federal Communications Commission (the FCC) requesting information about whether consideration was provided by record labels or their agents to us in exchange for the broadcast of music without disclosure of such consideration to the public. On March 21, 2007 we entered into a consent decree with the FCC in connection with this investigation, pursuant to which the FCC closed its investigation and we agreed to pay \$3.5 million and adopt certain modifications to our radio broadcasting business practices.

Merger related litigation

Manson v. Clear Channel Communications, Inc., et al., No. 2006CI17656 (filed November 16, 2006), one of the putative class action complaints that was pending in the 408th District Court of Bexar County, Texas, in connection with the merger has been voluntarily dismissed by the plaintiff.

The remaining five putative class actions that were filed in the 408th District Court of Bexar County, Texas, *Teitelbaum v. Clear Channel Communications, Inc., et al.*, No. 2006CI17492 (filed November 14, 2006), *City of St. Clair Shores Police and Fire Retirement System v. Clear Channel Communications, Inc., et al.*, No. 2006CI17660 (filed November 16, 2006), *Levy Investments, Ltd. v. Clear Channel Communications, Inc., et al.*, No. 2006CI17669 (filed November 16, 2006), *DD Equity Partners LLC v. Clear Channel Communications, Inc., et al.*, No. 2006CI7914 (filed November 22, 2006), and *Pioneer Investments Kapitalanlagegesellschaft MBH v. L. Lowry Mays, et al.* (filed December 7, 2006), have been consolidated into one proceeding and all raise substantially similar allegations on behalf of a purported class of our shareholders against the defendants for breaches of fiduciary duty in connection with the approval of the merger. Plaintiffs in these consolidated class actions have sought from the court a date for a hearing on a motion to temporarily enjoin the shareholder vote that is scheduled for May 8, 2007. In response to that request, the court scheduled a hearing on plaintiffs' application for a temporary injunction on May 7, 2007, but the plaintiffs subsequently withdrew their request for such hearing and no new date for such hearing has been requested or scheduled.

On March 9, 2007, Clear Channel filed a motion to dismiss the *Pioneer Investments Kapitalanlagegesellschaft mbH v. Clear Channel Communications, Inc., et al.*, (filed January 30, 2007 in the United States District Court for the Western District of Texas) on a number of grounds including the fact that the claims upon which Pioneer Investments seeks relief in federal court were already pending in the consolidated class actions pending in state court, of which Pioneer Investments is also a plaintiff. No hearing date has been scheduled for the motion to dismiss. Judge Royal Furgeson, who is the presiding judge for *Alaska Laborers Employees Retirement Fund v. Clear Channel Communications, Inc., et al.*, Case No. SA-07-CA-0042, filed in the United States District Court for the Western District of Texas, San Antonio Division has requested that the Pioneer Investments action pending in federal court be transferred to his court. In February 2007, the defendants in the Alaska Laborers Employees Retirement Fund action filed motions to dismiss the complaint filed in that action. On March 29, 2007, a hearing was held on defendants' motions to dismiss. At the March 29th hearing, the court dismissed from the Alaska Laborers Employees Retirement Fund action BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, T Triple Crown Finco, LLC, Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. The court also ordered the plaintiffs to file an amended complaint. To date, the plaintiffs have not filed an amended complaint.

We continue to believe that the allegations contained in each of the pleadings in the above-referenced actions are without merit and we intend to contest the actions vigorously. We cannot assure you that we will successfully defend the allegations included in the complaints or that pending motions to enjoin the transactions contemplated by the merger agreement will not be granted. If we are unable to resolve the claims that are the basis for the lawsuits or to prevail in any related litigation we may be required to pay substantial monetary damages for which we may not be adequately insured, which could have a material adverse effect on our business, financial position and results of operations. Regardless of whether the merger is consummated or the outcome of the lawsuits, we may incur significant related expenses and costs that could have an adverse effect on our business and operations.

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Furthermore, the cases could involve a substantial diversion of the time of some members of management. Accordingly, we are unable to estimate the impact of any potential liabilities associated with the complaints.

We are currently involved in certain legal proceedings and, as required, have accrued our estimate of the probable costs for the resolution of these claims. These estimates have been developed in consultation with counsel and are based upon an analysis of potential results, assuming a combination of litigation and settlement strategies. It is possible, however, that future results of operations for any particular period could be materially affected by changes in our assumptions or the effectiveness of our strategies related to these proceedings.

Item 1A. Risk Factors

For information regarding risk factors, please refer to Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. There have not been any material changes in the risk factors disclosed in this Annual Report on Form 10-K.

Additional information relating to risk factors is described in Management's Discussion and Analysis of Financial Condition and Results of Operations under Risks Regarding Forward-Looking Statements.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Purchases of Equity Securities by the Issuer and Affiliated Purchases.

On March 9, 2006, our Board of Directors authorized a share repurchase program, permitting us to repurchase \$600.0 million of our common stock. This authorization expired on March 9, 2007. On September 6, 2006, our Board of Directors authorized an additional share repurchase program, permitting us to repurchase an additional \$1.0 billion of our common stock. This increase expires on September 6, 2007, although the program may be discontinued or suspended at anytime prior to its expiration. During the three months ended March 31, 2007, we did not repurchase any shares through this program; however, we accepted shares in payment of income taxes due upon the vesting of restricted stock awards as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Programs
January 1 through January 31	1,331	\$36.38		\$1,017,476,855
February 1 through February 28	3,245	\$37.68		\$1,017,476,855
March 1 through March 31				\$1,000,000,000
Total	4,576			

Item 6. Exhibits

See the Index to Exhibits, which is incorporated into and made a part of this Quarterly Report on Form 10-Q.

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Signatures

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

CLEAR CHANNEL COMMUNICATIONS, INC.

May 9, 2007

/s/ Randall T. Mays

Randall T. Mays
President and
Chief Financial Officer

May 9, 2007

/s/ Herbert W. Hill, Jr.

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

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INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Agreement and Plan of Merger among BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, T Triple Crown Finco, LLC and Clear Channel Communications, Inc., dated as of November 16, 2006 (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated November 16, 2006).
2.2	Amendment No. 1, dated April 18, 2007, to the Agreement and Plan of Merger, dated as of November 16, 2006, by and among BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, T Triple Crown Finco, LLC and Clear Channel Communications, Inc. (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated April 18, 2007).
3.1	Current Articles of Incorporation of the Company (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-3 (Reg. No. 333-33371) dated September 9, 1997).
3.2	Current Bylaws of the Company.
3.3	Amendment to the Company's Articles of Incorporation (incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).
3.4	Second Amendment to Clear Channel's Articles of Incorporation (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999).
3.5	Third Amendment to Clear Channel's Articles of Incorporation (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended May 31, 2000).
4.1	Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays, B.J. McCombs, John M. Schaefer and John W. Barger, dated August 3, 1998 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.2	Waiver and Second Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays and B.J. McCombs, dated August 17, 1998 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.3	Waiver and Third Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays and B.J. McCombs, dated July 26, 2002 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.4	Waiver and Fourth Agreement Concerning Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays and B.J. McCombs, dated September 27, 2002 (incorporated by reference to the exhibits to Clear Channel's Schedule 13-D/A, dated October 10, 2002).
4.5	Buy-Sell Agreement by and between Clear Channel Communications, Inc., L. Lowry Mays, B. J. McCombs, John M. Schaefer and John W. Barger, dated May 31, 1977 (incorporated by reference to the exhibits of the Company's Registration Statement on Form S-1 (Reg. No. 33-289161) dated April 19, 1984).

- 4.6 Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York as Trustee (incorporated by reference to the exhibits to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997).
- 4.7 Second Supplemental Indenture dated June 16, 1998 to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and the Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated August 27, 1998).

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Exhibit Number	Description
4.8	Third Supplemental Indenture dated June 16, 1998 to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and the Bank of New York, as Trustee (incorporated by reference to the exhibits to the Company's Current Report on Form 8-K dated August 27, 1998).
4.9	Ninth Supplemental Indenture dated September 12, 2000, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000).
4.10	Eleventh Supplemental Indenture dated January 9, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York as Trustee (incorporated by reference to the exhibits to Clear Channel's Annual Report on Form 10-K for the year ended December 31, 2002).
4.11	Twelfth Supplemental Indenture dated March 17, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated March 18, 2003).
4.12	Thirteenth Supplemental Indenture dated May 1, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated May 2, 2003).
4.13	Fourteenth Supplemental Indenture dated May 21, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated May 22, 2003).
4.14	Sixteenth Supplemental Indenture dated December 9, 2003, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated December 10, 2003).
4.15	Seventeenth Supplemental Indenture dated September 15, 2004, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated September 15, 2004).
4.16	Eighteenth Supplemental Indenture dated November 22, 2004, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated November 17, 2004).
4.17	Nineteenth Supplemental Indenture dated December 13, 2004, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated December 13, 2004).
4.18	

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Twentieth Supplemental Indenture dated March 21, 2006, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated March 21, 2006).

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Exhibit Number	Description
4.19	Twenty-first Supplemental Indenture dated August 15, 2006, to Senior Indenture dated October 1, 1997, by and between Clear Channel Communications, Inc. and The Bank of New York, as Trustee (incorporated by reference to the exhibits to Clear Channel's Current Report on Form 8-K dated August 16, 2006).
11	Statement re: Computation of Per Share Earnings.
12	Statement re: Computation of Ratios.
31.1	Certification of Chief Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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