CLEAR CHANNEL COMMUNICATIONS INC
Form DEFM14A
January 29, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant þ
Filed by a Party other than the Registrant o
Check the appropriate box:

o	Preliminary Proxy Statement	o	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2)
þ	Definitive Proxy Statement		
o	Definitive Additional Materials		
o	Soliciting Material Pursuant to Rule 14a-12		

CLEAR CHANNEL COMMUNICATIONS, INC.
(Name of Registrant as Specified in Its Charter)
N/A
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):
- o No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing party:

(4) Date filed:

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CLEAR CHANNEL COMMUNICATIONS, INC.
200 East Basse Road
San Antonio, Texas 78209

January 29, 2007

Dear Shareholders:

We cordially invite you to attend the special meeting of shareholders of Clear Channel Communications, Inc., a Texas corporation (the Company), at the Westin Riverwalk Hotel, 420 Market Street, San Antonio, Texas 78205 on March 21, 2007, at 8:00 a.m., Central Standard Time.

At the special meeting, we will ask you to consider and vote upon a proposal to adopt an Agreement and Plan of Merger, dated as of November 16, 2006, among the Company, BT Triple Crown Merger Co., Inc., a Delaware corporation (Merger Sub), B Triple Crown Finco, LLC, a Delaware limited liability company, and T Triple Crown Finco, LLC, a Delaware limited liability company (together with B Triple Crown Finco, LLC, the Fincos), which provides for the recapitalization of the Company by the merger of Merger Sub with and into the Company. The Fincos were formed by private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P. solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. If the Company s shareholders adopt the merger agreement and the merger is completed, you will receive $37.60 in cash, without interest and less any applicable withholding tax, for each share of Company common stock you own (unless you have properly exercised your appraisal rights with respect to the merger). You may also receive additional per share consideration under certain circumstances if the merger is consummated after January 1, 2008.

After careful consideration, the Company s board of directors by unanimous vote (excluding Messrs. Mark P. Mays, Randall T. Mays, L. Lowry Mays and B. J. McCombs who recused themselves from the deliberations) has determined that the merger agreement is advisable, fair to and in the best interests of the unaffiliated shareholders of the Company, that the Company enter into the merger agreement and consummate the merger on the terms and conditions of the merger agreement. The Company s board of directors (other than those directors who recused themselves from the deliberations) unanimously recommends that you vote FOR the adoption of the merger agreement. In considering the recommendation of the Company s board of directors with respect to the merger agreement, you should be aware that some of the Company s directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our shareholders generally. See The Merger Interests of the Company s Directors and Executive Officers in the Merger beginning on page 41.

The accompanying proxy statement provides you with detailed information about the proposed merger and the special meeting. Please give this material your careful attention. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is very important regardless of the number of shares you own. The merger can not be completed unless holders of two-thirds of the outstanding shares entitled to vote at the special meeting of shareholders vote for the adoption of the merger agreement. We would like you to attend the special meeting. However, whether or not you plan to attend the special meeting, it is important that your shares be represented. Accordingly, please sign, date and return the enclosed proxy card in the postage-paid envelope prior to the special meeting. If you hold shares through a broker or other nominee, you should follow the procedures provided by your broker or nominee. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. Remember, failing to vote has the same effect as a vote against the adoption of the merger agreement.

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Thank you for your continued support and we look forward to seeing you on March 21, 2007.

Sincerely,

Mark P. Mays
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in the enclosed documents. Any representation to the contrary is a criminal offense.

The proxy statement is dated January 29, 2007, and is first being mailed to shareholders on or about February 1, 2007.

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CLEAR CHANNEL COMMUNICATIONS, INC.
200 EAST BASSE ROAD
SAN ANTONIO, TEXAS 78209

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 21, 2007

January 29, 2007

Dear Shareholders:

A special meeting of the shareholders of Clear Channel Communications, Inc., a Texas corporation (the Company), will be held at the Westin Riverwalk Hotel, 420 Market Street, San Antonio, Texas 78205 on March 21, 2007, at 8:00 a.m. Central Standard Time, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of November 16, 2006 (the Merger Agreement) among the Company, BT Triple Crown Merger Co., Inc., a Delaware corporation (Merger Sub), B Triple Crown Finco, LLC, a Delaware limited liability company, and T Triple Crown Finco, LLC, a Delaware limited liability company (together with B Triple Crown Finco, LLC, the Fincos). The Merger Agreement, a copy of which is attached as Annex A to the accompanying proxy statement, provides for the recapitalization of the Company by the merger of Merger Sub with and into the Company, with the Company continuing as the surviving corporation. Pursuant to the Merger Agreement each share of Company 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) shares held by certain employees of the Company who have agreed with the Fincos 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 $37.60 in cash, without interest, and less any applicable withholding tax. You may also receive additional per share consideration under certain circumstances if the merger is consummated after January 1, 2008;

2. To consider and vote upon a proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the Merger Agreement; and

3. To transact such other business that may properly come before the special meeting or any adjournment thereof.

In accordance with the Company s bylaws, the board of directors has fixed 5:00 p.m. Central Standard Time on January 22, 2007 as the record date for the purposes of determining shareholders entitled to notice of and to vote at the special meeting and at any adjournment thereof. A list of our shareholders will be available at our principal executive offices at 200 East Basse Road, San Antonio, Texas, 78209, during ordinary business hours for ten days prior to the special meeting. All shareholders of record are cordially invited to attend the special meeting in person.

The adoption of the Merger Agreement requires the affirmative vote of two-thirds of the votes entitled to be cast by the holders of the outstanding shares of the Company s common stock. **Whether or not you plan to attend the special meeting, we urge you to vote your shares by completing, signing, dating and returning the enclosed proxy card as promptly as possible prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend.** If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the adoption of the Merger Agreement. If you fail to return a valid proxy card and do not vote in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and, if a quorum is present, it will have the same effect as a vote against the adoption of the Merger Agreement. Any shareholder attending the special meeting may

vote in person, even if he or she has returned a proxy card; such vote by ballot will revoke any proxy previously submitted. However, if you

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hold your shares through a bank or broker or other custodian, you must provide a legal proxy issued from such custodian in order to vote your shares in person at the special meeting.

If you plan to attend the special meeting, please note that space limitations make it necessary to limit attendance to shareholders and one guest. Each shareholder may be asked to present valid picture identification, such as a driver s license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the special meeting. The special meeting will begin promptly at 8:00 a.m., Central Standard Time.

Shareholders who do not vote in favor of the adoption of the Merger Agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they submit a written objection to the merger to the Company before the vote is taken on the Merger Agreement and they comply with all requirements of Texas law, which are summarized in the accompanying proxy statement. We urge you to read the entire proxy statement carefully.

PLEASE DO NOT SEND YOUR STOCK CERTIFICATES AT THIS TIME. IF THE MERGER IS COMPLETED, YOU WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF YOUR STOCK CERTIFICATES.

By Order of the Board of Directors

Andrew W. Levin
Executive Vice President, Chief Legal Officer,
and Secretary

San Antonio, Texas

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In this proxy statement, the terms Company, Clear Channel, we, our, ours, and us refer to Clear Channel Communications, Inc., unless the context otherwise requires.

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SUMMARY

This summary highlights selected information from the proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. You may obtain the information incorporated by reference in this proxy statement without charge by following the instructions under Where You Can Find Additional Information beginning on page 91. The Agreement and Plan of Merger, dated as of November 16, 2006 (the Merger Agreement) by and among Clear Channel, BT Triple Crown Merger Co., Inc. (Merger Sub), B Triple Crown Finco, LLC and T Triple Crown Finco, LLC (collectively, the Fincos), is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement because it is the legal document that governs the parties agreement pursuant to which the Company will be recapitalized by means of a merger of Merger Sub with and into the Company (the Merger). Each item in this summary includes a page reference directing you to a more complete description of that item.

The Parties to the Merger

(See The Parties to the Merger on page 21)

Clear Channel, incorporated in 1974, is a diversified media company with three reportable business segments: radio broadcasting, Americas outdoor advertising (consisting of operations in the United States, Canada and Latin America) and international outdoor advertising. Clear Channel owns over 1,100 radio stations and a leading national radio network operating in the United States. In addition, Clear Channel has equity interests in various international radio broadcasting companies. Clear Channel also owns or operates more than 164,000 national and 710,000 international outdoor advertising display faces. Additionally, Clear Channel owns or programs 42 television stations and owns a full-service media representation firm that sells national spot advertising time for clients in the radio and television industries throughout the United States. Clear Channel is headquartered in San Antonio, Texas, with radio stations in major cities throughout the United States.

Each Finco is a newly formed Delaware limited liability company. B Triple Crown Finco, LLC was formed by a private equity fund sponsored by Bain Capital Partners, LLC (Bain Capital Fund IX) and T Triple Crown Finco, LLC was formed by a private equity fund sponsored by Thomas H. Lee Partners, L.P. (THL Partners Fund VI and together with Bain Capital Fund IX, the Sponsors), in each case, solely for the purpose of effecting the Merger and the transactions related to the Merger.

Merger Sub is a newly formed Delaware corporation and a wholly-owned subsidiary of the Sponsors, and was organized solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Merger Sub has not engaged in any business except activities incidental to its organization and in connection with the transactions contemplated by the Merger Agreement.

The Merger

(See The Merger Agreement on page 65)

The Merger Agreement provides that Merger Sub will be merged with and into the Company, and each outstanding share of the common stock, par value $0.10 per share, of the Company (Company common stock), other than (i) shares held in the treasury of the Company or owned by Merger Sub immediately prior to the Effective Time (as defined below), (ii) shares held by shareholders who do not vote in favor of the adoption of the Merger Agreement and

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who properly demand appraisal rights in accordance with Texas law, if any, and (iii) shares held by certain employees of the Company who agree with the Fincos 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 $37.60 in cash, without interest and less any applicable withholding tax.

In addition, if the Merger becomes effective (the Effective Time) after January 1, 2008, you also will receive an amount equal to the lesser of (i) the pro rata portion, based upon the number of days elapsed since January 1, 2008, of $37.60 multiplied by 8% per annum, per share, or (ii) an amount equal to (a) the Company s operating cash flow (as more fully described under The Merger Agreement Treatment of Common Stock and Other Securities) from January 1, 2008 through the last day of the month before the closing date, less any dividends paid or declared following that period and prior to the closing date and amounts committed or paid to purchase equity interests in the Company or derivatives thereof with respect to that period (to the extent that those dividends or amounts are not deducted from operating cash flow for any prior period), divided by (b) the total number of outstanding shares of Company common stock, and shares underlying options with exercise prices less than the merger consideration. The total amount paid per share of Company common stock is referred to in this proxy statement as the Merger Consideration.

Effects of the Merger

(See The Merger Agreement Effects of the Merger on page 66)

If the Merger Agreement is adopted by our shareholders and the other conditions to closing are satisfied, Merger Sub will merge with and into the Company. The separate corporate existence of Merger Sub will cease, and the Company will continue as the surviving corporation, wholly-owned by entities sponsored by the Sponsors and their co-investors. Upon completion of the Merger, shares of Company common stock, other than (i) shares held in the treasury of the Company or owned by Merger Sub immediately prior to the Effective Time, (ii) shares held by shareholders who do not vote in favor of the adoption of the Merger Agreement and who properly demand appraisal rights in accordance with Texas law, if any, and (iii) shares held by certain employees of the Company who agree with the Fincos 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 the Merger Consideration. Following completion of the Merger, the Company s common stock will be delisted from the New York Stock Exchange (NYSE) and no longer publicly traded. The surviving corporation will be a privately held corporation, and you will cease to have any ownership interest in the surviving corporation or any rights as its shareholder.

The Special Meeting of Shareholders *Place, Date and Time.* The special meeting will be held at the Westin Riverwalk Hotel, 420 Market Street, San Antonio, Texas 78205 on March 21, 2007, at 8:00 a.m., Central Standard Time.

(See The Special Meeting of Shareholders on page 22)

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Purpose. You will be asked to consider and vote upon the approval and adoption of the Merger Agreement, pursuant to which Merger Sub will merge with and into the Company.

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of Company common stock as of 5:00 p.m. Central Standard Time on January 22, 2007, which time on that date is the record date for the special meeting. As of the record date there were 493,902,969 shares of Company common stock outstanding and entitled to vote, held by approximately 3,220 holders of record. The presence in person or by proxy of a majority of the issued and outstanding shares of Company common stock at the special meeting constitutes a quorum for the purpose of considering the proposals.

Vote Required For Adoption of the Merger Agreement. The approval and adoption of the Merger Agreement requires the affirmative vote of two-thirds of the votes entitled to be cast by the holders of the outstanding shares of Company common stock. The failure to vote has the same effect as a vote AGAINST the adoption of the Merger Agreement.

Vote Required For Adjournment. If a quorum exists, holders of a majority of the shares of Company common stock present in person or represented by proxy at the special meeting and entitled to vote thereat may adjourn the special meeting.

Who Can Vote at the Special Meeting. You may vote at the special meeting all of the shares of Company common stock you own of record as of the record date. You may vote any shares you hold of record in person at the special meeting, even if you have returned a proxy card and your vote by ballot will revoke any proxy previously submitted. If you hold your shares through a bank or broker or other custodian, you must provide a legal proxy issued from such custodian in order to vote your shares in person at the special meeting.

Procedure for Voting. You may vote your shares by attending the special meeting and voting in person or you may submit a proxy by signing and returning the enclosed proxy card. You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must advise Innisfree M&A Incorporated, the Company s proxy solicitor, in writing, that you are revoking your proxy and deliver a new proxy dated after the date of the earlier proxy being revoked, or submit a later-dated proxy by telephone or the Internet at or before the special

meeting, before your shares of Company common stock have been voted at the special meeting, or attend the special meeting and vote your shares in person. Merely attending the special meeting without voting will not constitute revocation of your earlier proxy.

If your shares are held in street name by your broker, please follow the directions provided by your broker in order to instruct your broker as to how to vote your shares. If you do not instruct your

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broker to vote your shares, it has the same effect as a vote AGAINST adoption of the Merger Agreement.

Timing and Likelihood of Closing

(See The Merger Agreement Effective Time; Marketing Period on page 66)

We are working toward completing the Merger as quickly as possible, and we anticipate that it will be completed by the end of 2007, assuming satisfaction or waiver of all of the conditions to the Merger. However, because the Merger is subject to certain conditions, including adoption of the Merger Agreement by our shareholders, receipt of certain regulatory approvals and the conclusion of the Marketing Period (as defined below under The Merger Agreement Effective Time; Marketing Period), the exact timing of the completion of the Merger and the likelihood of the consummation thereof cannot be predicted. If any of the conditions in the Merger Agreement are not satisfied, or waived, including the conditions described below under The Merger Agreement Conditions to the Merger, the Merger Agreement may terminate as a result.

Determinations of the Special Advisory Committee and of the Board of Directors (See The Merger Reasons for the Merger Determinations of the Special Advisory Committee and of the Board of Directors on page 37

Special Advisory Committee. The special advisory committee is a committee formed by the disinterested members of our board of directors comprised of three disinterested and independent members of our board of directors. The special advisory committee was formed for the purpose of (i) prior to execution of the Merger Agreement, providing its assessment, after receiving the advice of its legal and financial advisors and other experts, as to the fairness of the terms of the Merger Agreement, and (ii) following execution of the Merger Agreement, in the event the Company receives a Competing Proposal (as defined below under The Merger Agreement Solicitation of Alternative Proposals), providing its assessment, after receiving advice of its legal and financial advisors and other experts, as to the fairness and/or superiority of the terms of the Competing Proposal and the continuing fairness of the terms of the Merger Agreement. The process for pursuing, and all negotiations with respect to, the Merger Agreement (and any other possible transaction) were not directed by the special advisory committee but rather were directed by the disinterested members of the board of directors. The special advisory committee engaged its own legal and financial advisors in connection with its assessment of the fairness of the terms of the Merger Agreement. The special advisory committee unanimously determined that the terms of the Merger Agreement were fair to the Company s unaffiliated shareholders.

Board of Directors. The Company s board of directors by unanimous vote (excluding Messrs. Mark P. Mays, Randall T. Mays, L. Lowry Mays and B. J. McCombs who recused themselves from the deliberations), recommends that you vote FOR the adoption of the Merger Agreement. The board of directors (i) determined that the Merger is fair to and in the best interests of the Company and its unaffiliated shareholders,

(ii) approved, adopted and declared advisable the Merger Agreement and the transactions contemplated by the Merger Agreement,
(iii) recommended that the shareholders of the Company vote in favor of the Merger and directed that such matter be submitted for consideration of the shareholders of the

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Company at the special meeting, and (iv) authorized the execution, delivery and performance of the Merger Agreement and the transactions contemplated by the Merger Agreement.

Recommendation of the Board of Directors. The board of directors by unanimous vote (excluding Messrs. Mark P. Mays, Randall T. Mays, L. Lowry Mays and B. J. McCombs who recused themselves from the deliberations) recommends that the shareholders of the Company vote FOR the adoption of the Merger Agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

Interests of the Company s Directors and Executive Officers in the Merger

(See The Merger Interests of the Company s Directors and Executive Officers in the Merger on page 41)

In considering the recommendation of the board of directors with respect to the Merger Agreement, you should be aware that some of the Company s directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of our shareholders generally. These interests include the treatment of shares (including restricted shares) and options held by the directors and officers, as well as indemnification and insurance arrangements with officers and directors, change in control severance benefits that may become payable to certain officers, employment agreements and an equity ownership in the surviving corporation if the Merger is consummated. These interests, to the extent material, are described below under The Merger Interests of the Company s Directors and Executive Officers in the Merger. The board of directors was aware of these interests and considered them, among other matters, in approving the Merger Agreement and the Merger.

Opinions of Financial Advisors

(See Opinions of Financial Advisors on page 49)

Opinion of the Company s Financial Advisor. Goldman, Sachs & Co. (Goldman Sachs) delivered its opinion to our board of directors that, as of November 16, 2006 and based upon and subject to the factors and assumptions set forth therein, the merger consideration of $37.60 per share in cash to be received by the holders of the outstanding shares of Company common stock (other than the Rollover Shares (as defined below under The Merger Agreement Rollover by Shareholders)) was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated November 16, 2006, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement. We encourage you to read the Goldman Sachs opinion carefully in its entirety. Goldman Sachs provided its opinion for the information and assistance of our board of directors in connection with its consideration of the transaction. Goldman Sachs opinion is not a recommendation as to how any holder of shares of our common stock

should vote with respect to the Merger. Pursuant to an engagement letter between the Company and Goldman Sachs, the Company has agreed to pay Goldman Sachs a transaction fee of approximately $40 million, the principal portion of which is payable upon consummation of the Merger.

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Opinion of the Special Advisory Committee s Financial Advisor. In connection with the Merger, the special advisory committee received the opinion of its financial advisor, Lazard Frères & Co. LLC (Lazard). On November 16, 2006, Lazard delivered its written opinion to the special advisory committee, to the effect that, as of such date and based upon and subject to the assumptions, factors and qualifications set forth in the opinion, the Merger Consideration to be paid to the holders of our common stock pursuant to the Merger Agreement was fair, from a financial point of view, to such holders (other than the Company, Merger Sub, any holder of Rollover Shares and any shareholder who is entitled to demand and properly perfects appraisal rights).

The full text of Lazard s written opinion, dated November 16, 2006, is attached to this proxy statement as Annex C and is incorporated into this proxy statement by reference. We encourage you to read the Lazard opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Lazard in connection with the opinion. Lazard s written opinion is addressed to the special advisory committee. Lazard s written opinion does not constitute a recommendation to any shareholder as to how such shareholder should vote or whether our shareholders should take any other action relating to the Merger. Pursuant to an engagement letter between the special advisory committee and Lazard, the Company has agreed to pay Lazard an aggregate fee of $5 million, a significant portion of which was payable in connection with the rendering of its opinion. Lazard s fee was not contingent upon the outcome of the opinion.

Financing

(See Financing on page 47)

Equity Financing. The Fincos have received equity commitment letters for an aggregate commitment of up to approximately $4.0 billion which consists of the following: (i) equity commitment letters from each of the Sponsors, pursuant to which, subject to the conditions contained therein, the Sponsors have collectively agreed to make or cause to be made a cash capital contribution to the Fincos of up to $2.46 billion, which, subject to certain conditions, each of the Sponsors may assign to other investors and (ii) equity commitment letters from Citigroup Capital Partners II Employee Master Fund, L.P., Citigroup Capital Partners II Cayman Holdings, L.P., Citigroup Capital Partners II 2006 Citigroup Investment, L.P., Citigroup Capital Partners II Onshore, L.P., CGI Private Equity LP, LLC, CSFB LP Holding, DB Investment Partners, Inc., Morgan Stanley Strategic Investments, Inc. and RBS Equity Corporation (the Equity Investors) for approximately $1.55 billion in the aggregate, a portion of each of which, subject to certain conditions agreed to with the Fincos, may be assigned to other affiliated and non-affiliated investors.

Debt Financing. In connection with the execution and delivery of the Merger Agreement, the Fincos have obtained commitments to provide up to $21.475 billion in aggregate debt financing, consisting of (i) senior secured credit facilities in an aggregate principal amount of $16.375 billion, (ii) a receivables-backed

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revolving credit facility with a maximum availability of $1.0 billion, (iii) a senior unsecured bridge loan facility in an aggregate principal amount of up to $2.6 billion, and (iv) a senior subordinated unsecured bridge loan facility in an aggregate principal amount of up to $1.5 billion to finance, in part, the payment of the Merger Consideration, the repayment or refinancing of certain of our debt outstanding on the closing date of the Merger and the payment of fees and expenses in connection with the Merger, refinancing, financing and related transactions and, after the closing date of the Merger, to provide for ongoing working capital, refinance other debt and general corporate purposes. The debt commitments are not conditioned on nor do they require or contemplate the acquisition of the outstanding public shares of Clear Channel Outdoor Holdings, Inc. (Clear Channel Outdoor Holdings). The debt commitments do not require or contemplate any changes to the existing cash management and intercompany arrangements between the Company and Clear Channel Outdoor Holdings, the provisions of which are described in Clear Channel Outdoor Holdings SEC filings. The consummation of the Merger will not permit Clear Channel Outdoor Holdings to terminate these arrangements and the Company may continue to use the cash flows of Clear Channel Outdoor Holdings for its own general corporate purposes pursuant to the terms of the existing cash management and intercompany arrangements between the Company and Clear Channel Outdoor Holdings, which may include making payments on the new debt.

The Fincos agreed to use their reasonable best efforts to arrange the debt financing on the terms and conditions described in the debt financing commitments. If any portion of the debt financing becomes unavailable in the manner or from the sources contemplated in the Debt Commitment Letter (as defined below under Financing Debt Financing), the Fincos have agreed to use their reasonable best efforts to obtain alternative financing from alternative sources.

Under the Merger Agreement, the Debt Commitment Letter may be amended, restated or otherwise modified or superseded to add lenders and arrangers, increase the amount of debt, replace or modify the facilities or otherwise replace or modify the Debt Commitment Letter in a manner not less beneficial in the aggregate to Merger Sub and the Fincos, except that any new debt financing commitments shall not (i) adversely amend the conditions to the debt financing set forth in the Debt Commitment Letter in any material respect, (ii) reasonably be expected to delay or prevent the closing of the Merger, or (iii) reduce the aggregate amount of debt financing available for closing unless replaced with new equity or debt financing.

Regulatory Approvals

(See Regulatory Approvals on page 63)

Under the Communications Act of 1934, as amended (the Communications Act), the Company and the Fincos may not complete the Merger unless they have first obtained the approval of the Federal Communications Commission (the FCC) to transfer control of the

Company s FCC licenses to affiliates of the Fincos. FCC approval is sought through the filing of applications with the FCC,

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which are subject to public comment and objections from third parties. Pursuant to the Merger Agreement, the parties filed on December 12, 2006 all applications necessary to obtain such FCC approval. The timing or outcome of the FCC approval process cannot be predicted.

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act) and the rules promulgated thereunder, the Company cannot complete the Merger until it notifies and furnishes information to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, and the applicable waiting period has expired or been terminated.

The Merger is also subject to review by the governmental authorities of various other jurisdictions under the antitrust, communication and investment review laws of those jurisdictions.

Procedure for Receiving the Merger Consideration

See The Merger Agreement Treatment of Common Stock and Other Securities Exchange and Payment Procedures on page 69)

The Fincos will appoint a paying agent reasonably acceptable to us to coordinate the payment of the applicable portion of the aggregate Merger Consideration following the Merger. Promptly after the Effective Time, the paying agent will mail a letter of transmittal and instructions to you and the other shareholders. The letter of transmittal and instructions will tell you how to surrender your Company common stock certificates in exchange for the applicable portion of the Merger Consideration. Please do not send in your share certificates now.

Material United States Federal Income Tax Consequences

(See Material United States Federal Income Tax Consequences on page 61)

The Merger will be a taxable transaction to you. For United States federal income tax purposes, your receipt of cash in exchange for your shares of Company common stock generally will result in you recognizing gain or loss measured by the difference, if any, between the cash you receive in the Merger and your tax basis in your shares of Company common stock. You should consult your own tax advisor for a full understanding of the Merger s tax consequences that are particular to you.

Conditions to the Merger

(See The Merger Agreement Conditions to the Merger on page 81)

Before we can complete the Merger, a number of conditions must be satisfied. These conditions include:

- adoption of the Merger Agreement by our shareholders;
- the expiration or termination of any applicable waiting period under the HSR Act and any applicable foreign antitrust laws;
- no governmental authority having enacted any law or order making the Merger illegal or otherwise prohibiting the consummation of the Merger;
- the receipt of the FCC Consent (as defined below under Regulatory Approvals);

the performance, in all material respects, by all parties to the Merger Agreement of their respective agreements and covenants in the Merger Agreement, and the representations and warranties of the Company, the Fincos and Merger Sub in the Merger Agreement being true and correct, subject to certain Material

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Adverse Effect qualifications (as defined below under The Merger Agreement Representations and Warranties);

the Fincos delivery to the Company at the closing of a solvency certificate; and

the non-occurrence of any change, effect or circumstance that has had or would reasonably be expected to have a material adverse effect on the business, operations, results of operations or financial condition of the Company and its subsidiaries taken as a whole, subject to certain exceptions.

If a failure to satisfy one of these conditions to the obligations of the Company to complete the Merger is not considered by our board of directors to be material to our shareholders, the board of directors could waive compliance with that condition. Our board of directors is not aware of any condition to the Merger that cannot be satisfied. Under Texas law, after the Merger Agreement has been adopted by our shareholders, the Merger Consideration cannot be changed and the Merger Agreement cannot be altered in a manner adverse to our shareholders without re-submitting the revisions to our shareholders for their approval.

Solicitation of Alternative Proposals

(See The Merger Agreement Solicitation of Alternative Proposals on page 77)

Until 11:59 p.m., Eastern Standard Time, on December 7, 2006, we were permitted to initiate, solicit and encourage a Competing Proposal from third parties, (including by way of providing access to non-public information and participating in discussions or negotiations regarding, or taking any other action to facilitate a Competing Proposal). The Company did not receive any Competing Proposals prior to that time.

From and after 11:59 p.m., Eastern Standard Time, on December 7, 2006 we have agreed not to:

initiate, solicit, or knowingly facilitate or encourage the submission of any inquiries proposals or offers with respect to a Competing Proposal (including by way of furnishing information);

participate in any negotiations regarding, or furnish to any person any information in connection with, any Competing Proposal;

engage in discussions with any person with respect to any Competing Proposal;

approve or recommend any Competing Proposal;

enter into any letter of intent or similar document or any agreement or commitment providing for any Competing Proposal;

otherwise cooperate with, or assist or participate in, or knowingly facilitate or encourage any effort or attempt by any person (other than the Fincos or their representatives) with respect to, or which would reasonably be expected to result in, a Competing Proposal; or

exempt any person from the restrictions contained in any state takeover or similar law or otherwise cause such restrictions not to apply to any person or to any Competing Proposal.

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From and after 11:59 p.m. Eastern Standard Time on December 7, 2006 the Company agreed to:

- immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted prior to November 16, 2006 with respect to any actual or potential Competing Proposal; and

- with respect to parties with whom discussions or negotiations have been terminated on, prior to or subsequent to November 16, 2006, the Company shall use its reasonable best efforts to obtain the return or the destruction of, in accordance with the terms of the applicable confidentiality agreement, any confidential information previously furnished by the Company.

Notwithstanding these restrictions, at any time prior to the approval of the Merger Agreement by our shareholders, if the Company receives a written Competing Proposal that our board of directors determines in good faith, after consultation with the Company s outside legal counsel and financial advisors, constitutes a Superior Proposal or could reasonably be expected to result in a Superior Proposal (as defined below under The Merger Agreement Solicitation of Alternative Proposals), the Company may, subject to certain conditions:

- furnish information to the third party making the Competing Proposal; and

- engage in discussions or negotiations with the third party with respect to the Competing Proposal.

In addition, we may terminate the Merger Agreement and enter into a definitive agreement with respect to a Competing Proposal if we receive a bona fide written Competing Proposal that our board of directors determines in good faith, after consultation with the Company s outside counsel and financial advisors, is a Superior Proposal (after giving effect to any adjustments to the terms of the Merger Agreement offered by the Fincos) and if our board of directors determines in good faith, after consultation with the Company s outside counsel, that the failure to take such action would reasonably be expected to be a breach of the board of directors fiduciary duties under applicable law.

Termination

(See The Merger Agreement Termination on page 83)

The Company and the Fincos may agree to terminate the Merger Agreement without completing the Merger at any time. The Merger Agreement may also be terminated in certain other circumstances, including (in each case subject to certain limitations and exceptions):

- by either the Fincos or the Company, if:

the closing of the Merger has not occurred on or before the date that is 12 months from the FCC Filing Date (as defined below under The Merger Agreement Termination), except that under certain conditions that date may be extended by the Company or the Fincos to the date that is 18 months from the FCC Filing Date (the Termination Date);

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any governmental entity has issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the Merger and that order or other action is final and non-appealable;

the Company s shareholders do not adopt the Merger Agreement at the special meeting or any postponement or adjournment thereof;

there is a material breach by the non-terminating party of any of its representations, warranties, covenants or agreements in the Merger Agreement that would result in the failure of certain closing conditions and that breach has not been cured within 30 days following delivery of written notice by the terminating party;

by the Company, if on or prior to the last day of the Marketing Period neither Merger Sub nor the surviving corporation has received the proceeds of the financings sufficient to consummate the Merger;

by the Company, if, prior to the adoption of the Merger Agreement by the shareholders of the Company, the board of directors has concluded in good faith, after consultation with outside legal and financial advisors, that a Competing Proposal is a Superior Proposal;

by the Fincos, if the board of directors changes, qualifies, withdraws or modifies in a manner adverse to the Fincos its recommendation that the Company s shareholders approve and adopt the Merger Agreement, or fails to reconfirm its recommendation within five business days of receipt of a written request from the Fincos; or

by the Fincos, if the board of directors fails to include in the proxy statement distributed to the shareholders of the Company, its recommendation that the Company s shareholders approve and adopt the Merger Agreement.

Termination Fees

(See The Merger Agreement Termination Fees on page 83)

The Merger Agreement provides that, upon termination of the Merger Agreement under specified circumstances the Company will be required to pay the Fincos a termination fee of $500 million. These circumstances include a termination of the Merger Agreement by:

(i) the Company in order to accept a Superior Proposal,

(ii) the Fincos, if the board of directors, (a) changes its recommendation to the Company s shareholders that they approve and adopt the Merger Agreement, (b) fails to reconfirm its recommendation, or (c) fails to include its recommendation in this proxy statement,

(iii) the Fincos or the Company, if the Company s shareholders do not adopt the Merger Agreement at the special meeting, so long as prior to the special meeting, a Competing Proposal has been publicly announced or made to known to the Company and not withdrawn at least two business days prior to the special meeting

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and within 12 months of the termination of the Merger Agreement the Company enters into a definitive proposal with respect to, or consummates, any Competing Proposal; or

(iv) the Fincos, if the Fincos are not in material breach of their obligations under the Merger Agreement and if the Company has willfully and materially breached its representations, warranties and obligations under the Merger Agreement, which breach has not been cured within 30 days, and prior the date of termination a Competing Proposal has been publicly announced or been made known to the Company and within 12 months after the termination of the Merger Agreement the Company enters into a definitive agreement with respect to any Competing Proposal.

The Merger Agreement provides that, upon termination of the Merger Agreement under specified circumstances Merger Sub will be required to pay the Company a termination fee as follows:

(i) if the Company or the Fincos terminate the Merger Agreement, because the Effective Time has not occurred on or before the Termination Date and the terminating party has not breached in any material respect its obligations under the Merger Agreement that proximately caused the failure to consummate the Merger on or before the Termination Date, all conditions to the Fincos and Merger Sub s obligation to consummate the Merger have been satisfied, other than conditions relating to the expiration or termination of any applicable waiting period under the HSR Act or the receipt of the FCC Consent, then Merger Sub will pay to the Company a termination fee of $600 million in cash; however, if the only condition that has not been satisfied is the receipt of the FCC Consent and Merger Sub, the Fincos and each attributable investor have carried out their respective obligations relating to obtaining that consent, the termination fee will be $300 million in cash;

(ii) if the Company terminates the Merger Agreement, due to the Fincos and Merger Sub having willfully and materially breached or failed to perform in any material respect any of their representations, warranties, or obligations under the Merger Agreement such that certain closing condition would not be satisfied, which breach has not been cured within 30 days and all conditions to the Fincos and Merger Sub s obligation to consummate the Merger have been satisfied, other than conditions relating to the expiration or termination of any applicable waiting period under the HSR Act or the receipt of the FCC Consent, then Merger Sub will pay to the Company a termination fee of $600 million in cash; however, if the only condition that has not been satisfied is the receipt of the FCC Consent and Merger Sub, the Fincos and each attributable investor have carried out their respective obligations relating to obtaining that consent, the termination fee will be $300 million in cash;

(iii) if the Company terminates the Merger Agreement due to the Fincos failure to effect the closing because of a failure to receive adequate

proceeds from one or more of the financings contemplated by the financing commitments on or prior to the last day

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	of the Marketing Period or the Fincos breach or failure to perform in any material respects, upon a willful and material breach by Merger Sub and/or the Fincos, of any of their representations, warranties and covenants such that certain closing conditions would not be satisfied and such breach has not been cured within 30 days following delivery of written notice by the Company, then Merger Sub will be required to pay the Company a termination fee equal to $500 million. In the event that the Merger Agreement is terminated (i) by the Company or the Fincos because of the failure to obtain the approval of the Company s shareholders at the special meeting or any adjournment or postponement thereof or (ii) by the Fincos due to a willful or material breach of the Merger Agreement by the Company, and a termination fee is not otherwise then payable by the Company under the Merger Agreement, the Company has agreed to pay the Fincos reasonable out-of- pocket fees and expenses incurred in connection with the Merger Agreement and this proxy statement in an amount not to exceed $45 million, which amount will be credited towards any termination fee payable by the Company in the future.
Limited Guarantee of the Sponsors (See The Merger Agreement Limited Guarantees on page 85)	In connection with the Merger Agreement, each of the Sponsors (each an affiliate of the Fincos) and the Company entered into a Limited Guarantee pursuant to which, among other things, each of the Sponsors is providing the Company a guarantee of payment of its *pro rata* portion of the termination fees payable by Merger Sub.
Company s Stock Price (See Market Prices of Our Common Stock and Dividend Data on page 86)	The Company common stock is listed on the NYSE under the trading symbol CCU. On October 24, 2006, which was the last trading day immediately prior to the date on which we announced that the board of directors was exploring possible strategic alternatives for the Company to enhance shareholder value, the Company common stock closed at $32.20 per share and the average closing stock price of the Company common stock during the 60 trading days ended October 24, 2006, was $29.27 per share. On November 15, 2006, which was the last trading day immediately prior to the date on which we announced the approval of the Merger Agreement by our board of directors, the Company common stock closed at $34.12 per share. On January 26, 2007, which was the last trading day before this proxy statement was filed, the Company common stock closed at $37.10 per share.
Shares Held by Directors and Executive Officers (See Security Ownership By Certain Beneficial Owners and Management on page 86)	As of January 22, 2007, the directors and executive officers of the Company beneficially owned approximately 8.4% of the shares of Company common stock entitled to vote at the special meeting, assuming the Company s outstanding options are not exercised.

Dissenters Rights of Appraisal	The Texas Business Corporation Act (TBCA) provides you with appraisal rights in connection with the Merger. This means that if you are not
(See Dissenters Rights of Appraisal page 88)	on satisfied with the amount you are receiving in the Merger, you are entitled to have the fair value of your shares

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determined by a Texas court and to receive payment based on that valuation. The ultimate amount you receive as a dissenting shareholder in an appraisal proceeding may be more or less than, or the same as, the amount you would have received in the Merger. To exercise your appraisal rights, you must deliver a written objection to the Merger before the Merger Agreement is voted on at the special meeting and you must not vote in favor of the adoption of the Merger Agreement. Your failure to follow exactly the procedures specified under Texas law will result in the loss of your appraisal rights.

QUESTIONS

If you have additional questions about the Merger or other matters discussed in this proxy statement after reading this proxy statement, please contact our proxy solicitor, Innisfree M&A Incorporated, at:

Innisfree M&A Incorporated
501 Madison Avenue
20th Floor
New York, NY 10022

Shareholders Call Toll-Free:	(877) 456-3427
Banks and Brokers Call Collect:	(212) 750-5833

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed Merger. These questions and answers may not address all questions that may be important to you as a shareholder of Clear Channel Communications, Inc. To fully understand the Merger, please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

Q: What is the proposed transaction?

A: The proposed transaction is the merger of the Company with the Merger Sub, an entity formed by private equity funds sponsored by Bain Capital Partners, LLC and Thomas H. Lee Partners, L.P., solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. If the Merger Agreement is adopted by the Company s shareholders and the other closing conditions under the Merger Agreement have been satisfied or waived, Merger Sub will merge with and into the Company (the surviving corporation). Pursuant to the Merger Agreement, the Company will be the surviving corporation in the Merger and will become wholly-owned by entities sponsored by the Sponsors and co-investors and shares of Company common stock will not be publicly traded after the Merger.

Q: What will I receive for my shares of Company common stock in the Merger?

A: Upon completion of the Merger, you will receive $37.60 in cash, without interest and less any applicable withholding tax, for each share of Company common stock that you own. For example, if you own 100 shares of Company common stock, you will receive $3,760 in cash in exchange for your shares of Company common stock. In addition, if the Merger occurs after January 1, 2008, you will also receive an additional amount equal to the lesser of:

the pro rata portion, based upon the number of days elapsed since January 1, 2008, of $37.60 multiplied by 8% per annum, or

an amount equal to (a) the Operating Cash Flow (as defined below under The Merger Agreement Treatment of Common Stock and Other Securities) for the Company and its subsidiaries for the period from and including January 1, 2008 through and including the last day of the last month preceding the Closing Date for which financial statements are available at least ten (10) calendar days prior to the Closing Date less dividends paid or declared with respect to the foregoing period and amounts committed or paid to purchase equity interests in the Company or derivatives thereof with respect to that period (but only to the extent that those dividends or amounts are not deducted from the Operating Cash Flow for the Company and its subsidiaries for any prior period) divided by (b) the sum of the number of outstanding shares of Company common stock (including outstanding restricted shares) plus the number of shares of Company common stock issuable pursuant to convertible securities of the Company outstanding at the Closing Date with exercise prices less than the Merger Consideration.

The total amount paid per share of Company common stock is referred to in this proxy statement as the Merger Consideration.

Q: Will I continue to receive dividends?

A: Our current policy is to provide quarterly cash dividends on your shares of Company common stock at a rate of $0.1875 per share. The terms of the Merger Agreement allow us to continue this policy through the closing date of the Merger. However, any future decision by our board of directors to pay cash dividends will depend on, among other factors, our earnings, financial position, capital requirements and regulatory changes.

Q: How will options to purchase Company common stock be treated in the Merger?

A: Except as otherwise agreed by the Fincos and a holder of options to purchase Company common stock, each outstanding option to purchase Company common stock (a Company stock option) that remains outstanding and unexercised as of the Effective Time, whether vested or unvested, will automatically become fully vested and convert into the right to receive a cash payment, without interest and less any

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applicable withholding tax, equal to the product of (i) the excess, if any, of the Merger Consideration over the exercise price per share of such Company stock option and (ii) the number of shares of Company common stock issuable upon exercise of such Company stock option. As of the Effective Time, Company stock options will no longer be outstanding and will automatically cease to exist, and the holders thereof will no longer have any rights with respect to the Company stock options, except the right to receive the cash payment, if any, described in the preceding sentence.

Q: How will restricted shares of Company common stock be treated in the Merger?

A: Except as otherwise agreed by the Fincos and a holder of restricted shares with respect to that holder s restricted shares, each restricted share of Company common stock (Company restricted stock) that remains outstanding as of the Effective Time, whether vested or unvested, will automatically become fully vested and convert into the right to receive a cash payment equal to the Merger Consideration (except for the Rollover Shares). As of the Effective Time, all such Company restricted stock, whether vested or unvested, will no longer be outstanding and will automatically cease to exist, and the holders thereof, including our directors and executive officers, will no longer have any rights with respect to the Company restricted stock, except the right to receive a cash payment equal to the Merger Consideration in respect of each vested Company restricted stock.

Q: Where and when is the special meeting?

A: The special meeting will be held at the Westin Riverwalk Hotel, 420 Market Street, San Antonio, Texas 78205 on March 21, 2007, at 8:00 a.m., Central Standard Time.

Q: Are all Company shareholders as of the record date entitled to vote at the special meeting?

A: Yes. All shareholders who own Company common stock at 5:00 p.m. Central Standard Time on January 22, 2007, will be entitled to receive notice of the special meeting and to vote the shares of Company common stock that they hold on that date at the special meeting, or any adjournments of the special meeting.

Q: Which of my shares may I vote?

A: All shares owned by you as of the close of business on the record date may be voted by you. These shares include shares that are: (i) held directly in your name as the shareholder of record, and (ii) held for you as the beneficial owner through a stockbroker, bank or other nominee. Each of your shares is entitled to one vote at the special meeting.

Q: What is the difference between holding shares as a shareholder of record and as a beneficial owner?

A: Most of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own name. As summarized below, there are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record: If your shares are registered directly in your name with the Company s transfer agent, The Bank of New York, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent directly to you by The Bank of New York on behalf of the Company. As the shareholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the special meeting. We have enclosed a proxy card for you to use.

Beneficial Owner: If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote and are also invited to attend the special meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the special meeting, unless you obtain a signed proxy from the record holder giving you the right to vote the shares. Your broker or nominee has enclosed a voting instruction card for you to use in directing the broker or nominee regarding how to vote your shares.

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Q: How can I vote my shares in person at the special meeting?

A: Shares held directly in your name as the shareholder of record may be voted by you in person at the special meeting. If you choose to do so, please bring the enclosed proxy card and proof of identification. Even if you plan to attend the special meeting, we recommend that you also submit your proxy as described below so that your vote will be counted if you later decide not to attend the special meeting. If you desire to vote in person at the special meeting any previously submitted proxies will be revoked. Shares held in street name may be voted in person by you at the special meeting only if you obtain a signed proxy from the record holder giving you the right to vote the shares. **Your vote is important. Accordingly, we urge you to sign and return the accompanying proxy card whether or not you plan to attend the special meeting.**

If you plan to attend the special meeting, please note that space limitations make it necessary to limit attendance to shareholders and one guest. Admission to the special meeting will be on a first-come, first-served basis. Registration and seating will begin at 7:30 a.m. Each shareholder may be asked to present valid picture identification, such as a driver s license or passport. Shareholders holding stock in street name will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the special meeting.

Q: How can I vote my shares without attending the special meeting?

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, when you return your proxy card or voting instructions accompanying this proxy statement, properly signed, the shares represented will be voted in accordance with your directions.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will not vote your shares on your behalf unless you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting AGAINST the Merger.

Q: What vote of the Company s shareholders is required to adopt the Merger Agreement?

A: For us to complete the Merger, shareholders holding two-thirds of the outstanding shares of Company common stock at 5:00 p.m. Central Standard Time on January 22, 2007, must vote FOR the adoption of the Merger Agreement, with each share having a single vote for these purposes. Accordingly, failure to vote or an abstention will have the same effect as a vote AGAINST adoption of the Merger Agreement.

Q: What vote of our shareholders is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies?

A: The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of shareholder holding a majority of the outstanding shares of Company common stock present or represented by proxy at the special meeting and entitled to vote on the matter.

Q: What constitutes a quorum?

A: The presence, in person or by proxy, of shareholders holding a majority of the outstanding shares of Company common stock is necessary to constitute a quorum at the special meeting. Only votes cast FOR a matter constitute affirmative votes. Abstentions are counted for quorum purposes, but since they are not votes cast FOR a particular matter, they will have the same effect as negative votes or a vote AGAINST a particular matter.

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Q: Does our board of directors recommend that our shareholders vote FOR the adoption of the Merger Agreement?

A: Yes. After careful consideration, the board of directors by unanimous vote (excluding Messrs. Mark P. Mays, Randall T. Mays, L. Lowry Mays and B. J. McCombs who recused themselves from the deliberations), recommends that you vote:

FOR the adoption of the Merger Agreement. You should read The Merger Reasons for the Merger beginning on page 37 of this proxy statement for a discussion of the factors that our board of directors considered in deciding to recommend the adoption of the Merger Agreement.

In considering the recommendation of the board of directors with respect to the Merger Agreement, you should be aware that some of the Company s directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of our shareholders generally. See The Merger Interests of the Company s Directors and Executive Officers in the Merger beginning on page 41.

Q: Am I entitled to exercise appraisal rights instead of receiving the Merger Consideration for my shares?

A: Yes. As a holder of Company common stock you are entitled to appraisal rights under Texas law in connection with the Merger if you meet certain conditions, which are described in this proxy statement under the caption Dissenters Rights of Appraisal beginning on page 88.

Q: What effects will the proposed Merger have on the Company?

A: If the Merger Agreement is adopted by our shareholders and the other conditions to closing are satisfied, Merger Sub will merge with and into the Company. The separate corporate existence of Merger Sub will cease, and the Company will continue as the surviving corporation, wholly-owned by entities sponsored by the Sponsors and their co-investors. Upon completion of the Merger, your shares of Company common stock will be converted into the right to receive the Merger Consideration, unless you have properly exercised your appraisal rights. The surviving corporation will be a privately held corporation, and you will cease to have any ownership interest in the surviving corporation or any rights as its shareholder. You will no longer have any interest in the Company s future earnings or growth. Following consummation of the Merger, the registration of the Company common stock and the Company s reporting obligations with respect to the Company common stock under the Securities Exchange Act of 1934, as amended (the Exchange Act), will be terminated upon application to the Securities and Exchange Commission (the SEC). In addition, upon completion of the Merger, shares of Company common stock will no longer be listed on any stock exchange or quotation system, including the NYSE.

Q: What happens if I sell my shares before the special meeting?

A: The record date of the special meeting is earlier than the special meeting and the date that the Merger is expected to be completed. If you transfer your shares of Company common stock after the record date but before the special meeting, you will retain your right to vote at the special meeting, but will have transferred the right to receive the Merger Consideration. In order to receive the Merger Consideration, you must hold your shares through completion of the Merger.

Q: When do you expect the Merger to be completed?

A:

We are working toward completing the Merger as quickly as possible, and we anticipate that it will be completed by the end of 2007, assuming satisfaction or waiver of all of the conditions to the Merger. However, because the Merger is subject to certain conditions, including adoption of the Merger Agreement by our shareholders, receipt of certain regulatory approvals and the conclusion of the Marketing Period (as defined below under The Merger Agreement Effective Time; Marketing Period), the exact timing of the completion of the Merger and the likelihood of the consummation thereof cannot be predicted. If any of the conditions in the Merger Agreement are not satisfied, including the conditions described below under The Merger Agreement Conditions to the Merger beginning on page 81 of this proxy statement, the Merger Agreement may terminate as a result.

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Q: What happens if the Merger is not consummated?

A: If the Merger Agreement is not adopted by shareholders or if the Merger is not completed for any other reason, shareholders will not receive any payment for their shares in connection with the Merger. Instead, the Company will remain an independent public company and shares of Company common stock will continue to be listed and traded on the NYSE. Under specified circumstances, the Company may be required to pay the Fincos a termination fee or reimburse the Fincos for their out-of-pocket expenses as described under the caption The Merger Agreement Termination Fees.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes and the information incorporated by reference, and to consider how the Merger affects you. If you are a shareholder as of the record date, then you can ensure that your shares are voted at the special meeting by completing, signing, dating and returning each proxy card in the postage-paid envelope provided or submitting your proxy by telephone or the Internet prior to the special meeting.

Q: How do I revoke or change my vote?

A: You can change your vote at any time before your proxy is voted at the special meeting. You may revoke your proxy by notifying the Company in writing or by submitting a later-dated new proxy by mail to the Company c/o Innisfree M&A Incorporated at 501 Madison Avenue, 20th Floor, New York, NY 10022. In addition, your proxy may be revoked by attending the special meeting and voting in person. However, simply attending the special meeting will not revoke your proxy. If you have instructed a broker to vote your shares, the above-described options for changing your vote do not apply, and instead you must follow the instructions received from your broker to change your vote.

Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If your shares are registered differently and are in more than one account, you will receive more than one card. Please sign, date and return all of the proxy cards you receive (or submit your proxy by telephone or the Internet) to ensure that all of your shares are voted.

Q: What if I return my proxy card without specifying my voting choices?

A: If your proxy card is signed and returned without specifying choices, the shares will be voted as recommended by the Board.

Q: Who will bear the cost of this solicitation?

A: The expenses of preparing, printing and mailing this proxy statement and the proxies solicited hereby will be borne by the Company. Additional solicitation may be made by telephone, facsimile or other contact by certain directors, officers, employees or agents of the Company, none of whom will receive additional compensation therefor. The Company will, upon request reimburse, brokerage houses and other custodians, nominees and fiduciaries for their reasonable expenses for forwarding material to the beneficial owners of shares held of record by others. The Fincos, directly or through one or more affiliates or representatives, may at their own cost, also make, additional solicitation by mail, telephone, facsimile or other contact in connection with the Merger.

Q: Will a proxy solicitor be used?

A: Yes. The Company has engaged Innisfree M&A Incorporated (Innisfree) to assist in the solicitation of proxies for the special meeting and the Company estimates that it will pay Innisfree a fee of approximately $50,000. The Company has also agreed to reimburse Innisfree for reasonable administrative and out-of-pocket expenses incurred in connection with the proxy solicitation and indemnify Innisfree against certain losses, costs and expenses. The Fincos have engaged Georgeson Inc. to assist them in any solicitation efforts they may decide to make in connection with the Merger and it is expected that they will pay Georgeson a fee of approximately $50,000. The Fincos have also agreed to reimburse Georgeson for reasonable administrative and out-of-pocket expenses incurred in connection with the proxy solicitation and indemnify Georgeson against certain losses, costs and expenses.

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Q: Should I send in my stock certificates now?

A: No. Shortly after the Merger is completed, you will receive a letter of transmittal with instructions informing you how to send in your stock certificates to the paying agent in order to receive the applicable portion of the Merger Consideration. You should use the letter of transmittal to exchange stock certificates for the applicable portion of the Merger Consideration to which you are entitled as a result of the Merger. **PLEASE DO NOT SEND IN YOUR STOCK CERTIFICATES WITH YOUR PROXY.**

Q: Who can help answer my other questions?

A: If you have more questions about the Merger, need assistance in submitting your proxy or voting your shares, or need additional copies of the proxy statement or the enclosed proxy card, you should contact Innisfree, toll-free at telephone: (877) 456-3427. Banks and brokers may call collect at (212) 750-5833. If your broker holds your shares, you should also call your broker for additional information.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you to in this proxy statement, contain forward looking statements based on estimates and assumptions. Forward looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the Merger and other information relating to the Merger. There are forward looking statements throughout this proxy statement, including, among others, under the headings Summary, Questions and Answers About the Special Meeting and the Merger, The Merger, Opinions of Financial Advisors, Regulatory Approvals, and Merger Related Litigation, and in statements containing the words believes, estimates, expects, anticipates, intends, contemplates, may, will, could would or other similar expressions.

You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made and we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statements included in this proxy statement or elsewhere.

In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the financial performance of the Company through the date of the completion of the Merger;
- the satisfaction of the closing conditions set forth in the Merger Agreement, including the approval of the Company s shareholders and regulatory approvals;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement, including a termination under circumstances that could require us to pay a $500 million termination fee;
- the outcome of any legal proceedings instituted against the Company and others in connection with the proposed Merger;

the failure to obtain the necessary debt financing arrangements set forth in the commitment letters received in connection with the Merger;

the impact of planned divestitures;

the failure of the Merger to close for any reason;

the effect of the announcement of the Merger on our customer relationships, operating results and business generally;

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business uncertainty and contractual restrictions that may exist during the pendency of the Merger;

any significant delay in the expected completion of the Merger;

regulatory review, approvals and restrictions;

the amount of the costs, fees, expenses and charges related to the Merger and the final terms of the financings that will be obtained for the Merger;

diversion of management s attention from ongoing business concerns;

the need to allocate significant amounts of our cash flow to make payments on our indebtedness, which in turn could reduce our financial flexibility and ability to fund other activities;

and other risks set forth in our current filings with the Securities and Exchange Commission, including our most recent filings on Forms 10-Q and 10-K. See Where You Can Find Additional Information on page 91.

THE PARTIES TO THE MERGER

Clear Channel Communications, Inc.

Clear Channel, incorporated in 1974, is a diversified media company with three reportable business segments: radio broadcasting, Americas outdoor advertising (consisting of operations in the United States, Canada and Latin America) and international outdoor advertising. Clear Channel s principal executive offices are located at 200 East Basse Road, San Antonio, Texas, 78209, and its telephone number is (210) 822-2828. Clear Channel owns over 1,100 radio stations and a leading national radio network operating in the United States. In addition, Clear Channel has equity interests in various international radio broadcasting companies. Clear Channel also owns or operates more than 164,000 national and 710,000 international outdoor advertising display faces. Additionally, Clear Channel owns or programs 42 television stations and owns a full-service media representation firm that sells national spot advertising time for clients in the radio and television industries throughout the United States. Clear Channel is headquartered in San Antonio, Texas, with radio stations in major cities throughout the United States.

B Triple Crown Finco, LLC and T Triple Crown Finco, LLC

B Triple Crown Finco, LLC, a Delaware limited liability company and T Triple Crown Finco, LLC, a Delaware limited liability company, which we refer to as the Fincos, were organized solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. B Triple Crown Finco, LLC is currently wholly-owned by Bain Capital Fund IX and its principal executive office is located at 111 Huntington Avenue, Boston, MA 02199 and its telephone number is (617) 516-2000. T Triple Crown Finco, LLC is currently wholly-owned by THL Partners Fund VI and its principal executive office is located at 100 Federal Street, Boston, MA 02110 and its telephone number is (617) 227-1050.

The Sponsors have severally agreed to cause up to an aggregate of $2.46 billion of cash to be contributed to the Fincos, which will constitute a portion of the aggregate equity commitment of approximately $4.0 billion received by the Fincos. Subject to certain conditions, each of the Sponsors may assign a portion of its equity commitment obligation to other investors, resulting in a corresponding reduction of such Investor s commitment to the extent the assignee funds its commitment, provided that any such transfer will not release such Investor of its obligations under the limited guarantees. As a result, the investor groups may ultimately include additional equity investors.

BT Triple Crown Merger Co., Inc.

BT Triple Crown Merger Co., Inc., a Delaware corporation, which we refer to as Merger Sub, is currently wholly-owned by the Sponsors and was organized solely for the purpose of entering into the Merger Agreement and consummating the transactions contemplated by the Merger Agreement. Merger Sub s principal

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executive offices are located at 100 Federal Street, Boston, MA 02110 and its telephone number is (617) 227-1050. It has not conducted any activities to date other than activities incidental to its formation and in connection with the transactions contemplated by the Merger Agreement. Under the terms of the Merger Agreement, Merger Sub will merge with and into the Company. The Company will survive the Merger and Merger Sub will cease to exist.

THE SPECIAL MEETING OF SHAREHOLDERS

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our shareholders as part of the solicitation of proxies by our board of directors for use at a special meeting to be held at the Westin Riverwalk Hotel, 420 Market Street, San Antonio, Texas 78205 on March 21, 2007, at 8:00 a.m., Central Standard Time, or at any adjournment thereof. The purpose of the special meeting is to consider and vote on the proposal to adopt the Merger Agreement (and to approve the adjournment of the special meeting, if necessary or appropriate to solicit additional proxies). If the shareholders fail to adopt the Merger Agreement, the Merger will not occur. A copy of the Merger Agreement is attached to this proxy statement as Annex A.

Who Can Vote at the Special Meeting

In accordance with the Company s bylaws, the board of directors has set 5:00 p.m. Central Standard Time on January 22, 2007 as the record date. The holders of record of Company common stock as of the record date are entitled to receive notice of and to vote at the special meeting. If you own shares that are registered in someone else s name (for example, a broker), you need to direct that person to vote those shares or obtain an authorization from them to vote the shares yourself at the special meeting. On January 22, 2007, there were 493,902,969 shares of Company common stock outstanding held by approximately 3,220 holders of record.

Vote Required for Adoption of the Merger Agreement; Quorum

The adoption of the Merger Agreement requires the approval of the holders of two-thirds of the outstanding shares of Company common stock entitled to vote thereon, with each share having a single vote for these purposes. The failure to vote has the same effect as a vote AGAINST adoption of the Merger Agreement.

The holders of a majority of the outstanding shares of Company common stock entitled to be cast as of the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting. Once a share of Company common stock is represented at the special meeting, it will be counted for the purposes of determining a quorum and for transacting all business, unless the holder is present solely to object to the special meeting. If a quorum is not present at the special meeting, it is expected that the meeting will be adjourned to solicit additional proxies. If a new record date is set for an adjourned meeting, then a new quorum will have to be established.

Voting By Proxy

This proxy statement is being sent to you on behalf of the board of directors for the purpose of requesting that you allow your shares of Company common stock to be represented at the special meeting by the persons named in the enclosed proxy card. All shares of Company common stock represented at the special meeting by proxies voted by properly executed proxy cards will be voted in accordance with the instructions indicated on that proxy. If you sign and return a proxy card without giving voting instructions, your shares will be voted as recommended by the board of directors. **After careful consideration, the board of directors (excluding Messrs. Mark P. Mays, Randall T. Mays, L. Lowry Mays and B. J. McCombs who recused themselves from the deliberations), unanimously**

recommends a vote FOR adoption of the Merger Agreement. In considering the recommendation of the board of directors with respect to the Merger Agreement, you should be aware that some of the Company s directors and executive officers have interests in the Merger that are

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different from, or in addition to, the interests of our shareholders generally. See The Merger Interests of the Company s Directors and Executive Officers in the Merger beginning on page 41.

The persons named in the proxy card will use their own judgment to determine how to vote your shares regarding any matters not described in this proxy statement that are properly presented at the special meeting. The Company does not know of any matter to be presented at the special meeting other than the proposal to adopt the Merger Agreement (and to approve the adjournment of the meeting, if necessary or appropriate to solicit additional proxies).

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either send a signed written notice to the Company revoking your proxy, submit a proxy by mail dated after the date of the earlier proxy you wish to change or attend the special meeting and vote your shares in person. Merely attending the special meeting without voting will not constitute revocation of your earlier proxy.

If your shares of Company common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you do not instruct your broker to vote your shares, it has the same effect as a vote AGAINST adoption of the Merger Agreement.

The Company will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of the Company may solicit proxies personally and by telephone, facsimile or otherwise. None of these persons will receive additional or special compensation for soliciting proxies. The Company has retained Innisfree to assist in its solicitation of proxies in connection with the special meeting. Innisfree may solicit proxies from individuals, banks, brokers, custodians, nominees, other institutional holders and other fiduciaries. The Company has agreed to reimburse Innisfree for its reasonable administrative and out-of-pocket expenses, to indemnify it against certain losses, costs and expenses, and to pay its customary fees in connection with the proxy solicitation. The Company also, upon request, will reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. The Fincos, directly or through one or more affiliates or representatives, may, at their own cost, also make additional solicitation by mail, telephone, facsimile or other contact in connection with the Merger. The Fincos have retained Georgeson Inc. to assist them in any solicitation efforts they may decide to make in connection with the Merger. Georgeson may solicit proxies from individuals, banks, brokers, custodians, nominees, other institutional holders and other fiduciaries. The Fincos have agreed to reimburse Georgeson for its reasonable administrative and out-of-pocket expenses, to indemnify it against certain losses, costs and expenses, and to pay its customary fees in connection with such proxy solicitation.

Submitting Proxies Via the Internet or by Telephone

Most of our shareholders who hold their shares of Company common stock through a broker or bank will have the option to submit their proxies or voting instructions via the Internet or by telephone. If your shares are held in street name, you should check the voting instruction card provided by your broker to see which options are available and the procedures to be followed.