CLEAR CHANNEL COMMUNICATIONS INC
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SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
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Check the appropriate box:

o Preliminary Proxy Statement
o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material Pursuant to §240.14a-12

Clear Channel Communications, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Clear Channel Communications, Inc.

P.O. Box 659512
San Antonio, Texas 78265-9512

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held April 26, 2005

As a shareholder of Clear Channel Communications, Inc., you are hereby given notice of and invited to attend, in person or by proxy, the Annual Meeting of Shareholders of Clear Channel Communications, Inc. to be held at The Westin Hotel, 420 West Market Street, San Antonio, Texas 78205, on April 26, 2005, at 8:30 a.m. local time, for the following purposes:

1. to elect ten directors to serve for the coming year;

2. to approve the adoption of the Clear Channel Communications, Inc. 2005 Annual Incentive Plan. A copy of the Annual Incentive Plan is attached to this document as Appendix A;

3. to ratify the selection of Ernst & Young LLP as independent auditors for the year ending December 31, 2005; and

4. to transact any other business which may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 11, 2005 are entitled to notice of and to vote at the meeting.

Two cut-out admission tickets are included on the back cover of this document. Please contact Clear Channel s Corporate Secretary at Clear Channel s corporate headquarters if you need additional tickets. The annual meeting will begin promptly at 8:30 a.m.

Your attention is directed to the accompanying proxy statement. In addition, although mere attendance at the meeting will not revoke your proxy, if you attend the meeting you may revoke your proxy and vote in person. To assure that your shares are represented at the meeting, please complete, date, sign and mail the enclosed proxy card in the return envelope provided for that purpose.

By Order of the Board of Directors

Randall T. Mays
Secretary

San Antonio, Texas
March 14, 2005

2005 ANNUAL MEETING OF SHAREHOLDERS
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PROXY STATEMENT

This proxy statement contains information related to the annual meeting of shareholders of Clear Channel Communications, Inc. to be held on Tuesday, April 26, 2005, beginning at 8:30 a.m., at the Westin Hotel, 420 West Market Street, San Antonio, Texas, and at any postponements or adjournments thereof. This proxy statement is being mailed to shareholders on or about March 28, 2005.

QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: Why am I receiving these materials?

A: Clear Channel s Board of Directors (the Board) is providing these proxy materials for you in connection with Clear Channel s annual meeting of shareholders (the annual meeting), which will take place on April 26, 2005. The Board is soliciting proxies to be used at the meeting. You are also invited to attend the annual meeting and are requested to vote on the proposals described in this proxy statement.

Q: What information is contained in these materials?

A: The information included in this proxy statement relates to the proposals to be voted on at the annual meeting, the voting process, the compensation of our directors and our most highly paid officers, and certain other required information. Following this proxy statement are excerpts from Clear Channel s 2004 Annual Report on Form 10-K including Consolidated Financial Statements, Notes to the Consolidated Financial Statements, and Management s Discussion and Analysis. A Proxy Card and a return envelope are also enclosed.

Q: What proposals will be voted on at the annual meeting?

A: There are three proposals scheduled to be voted on at the annual meeting: the election of directors, the approval and adoption of the Clear Channel Communications, Inc. 2005 Annual Incentive Plan and the ratification of Ernst & Young LLP as Clear Channel s independent accountants for the year ending December 31, 2005.

Q: Which of my shares may I vote?

A: All shares owned by you as of the close of business on March 11, 2005 (the Record Date) may be voted by you. These shares include shares that are: (1) held directly in your name as the shareholder of record, and (2) 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 annual meeting.

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

A: Most shareholders of Clear Channel 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 Clear Channel 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 Clear Channel. As the shareholder of record, you have the right to grant your voting proxy directly to Clear Channel or to vote in person at the annual meeting. Clear Channel has 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 annual meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the annual 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.

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

A: Under New York Stock Exchange (NYSE) rules, brokers will have discretion to vote the shares of customers who fail to provide voting instructions. Your broker will send you directions on how you can instruct your broker to vote. If you do not provide instructions to your broker to vote your shares, they may either vote your shares on the matters being presented at the annual meeting or leave your shares unvoted.

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

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

Q: How can I vote my shares without attending the annual 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. You can specify your choices by marking the appropriate boxes on the enclosed proxy card.

Q: May I change my vote?

A: If you are a shareholder of record, you may change your vote or revoke your proxy at any time before your shares are voted at the meeting by sending the secretary of Clear Channel a proxy card dated later than your last vote, notifying the secretary of Clear Channel in writing, or voting at the meeting.

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: What does it mean if I receive more than one proxy or voting instruction card?

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

Q: What constitutes a quorum?

A: The presence, in person or by proxy, of the holders of a majority of the outstanding shares of Clear Channel s Common Stock is necessary to constitute a quorum at the annual meeting. Only votes cast for a matter constitute affirmative votes. Votes withheld or abstaining from voting are counted for quorum purposes, but since they are not cast for a particular matter, they will have the same effect as negative votes or a vote against a particular matter. Broker non-votes (i.e., shares held by brokers or nominees as to which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary power to vote on a particular matter), if any, are counted for purposes of determining the existence of a quorum but will have no effect on the outcome of the election of directors, approval of the 2005 Annual Incentive Plan or ratification of the selection of independent auditors.

Q: What are Clear Channel s voting recommendations?

A: The Board recommends that you vote your shares FOR each of the nominees to the Board, FOR the Clear Channel Communications, Inc. 2005 Annual Incentive Plan and FOR the ratification of Ernst & Young LLP as Clear Channel s independent accountants for the year ending December 31, 2005.

Q: Where can I find the voting results of the annual meeting?

A: Clear Channel will announce preliminary voting results at the annual meeting and publish final results in Clear Channel s quarterly report on Form 10-Q for the second quarter of 2005, which will be filed with the Securities and Exchange Commission (the SEC) by August 9, 2005.

THE BOARD OF DIRECTORS

The Board is responsible for the management and direction of Clear Channel and for establishing broad corporate policies. However, in accordance with corporate legal principles, it is not involved in day-to-day operating details. Members of the Board are kept informed of Clear Channel s business through discussions with the President/Chief Executive Officer and other officers, by reviewing analyses and reports sent to them, and by participating in board and committee meetings.

COMPENSATION OF DIRECTORS

Each non-employee director is paid a $50,000 annual retainer provided that he or she attends not less than 75% of the meetings of the Board. The chairpersons of the Audit Committee, Compensation Committee and Nominating and Governance Committee are paid an additional annual retainer of $20,000, $10,000, and $5,000, respectively. All committee members of the Audit Committee are paid an additional annual retainer of $7,500 and each member of the Compensation Committee and Nominating and Governance Committee are paid an additional annual retainer of $3,000. In addition, in April 2004, each non-employee director was granted options to purchase 7,500 shares of Clear Channel common stock to be vested at December 31, 2004. Each non-employee director was offered the opportunity to accept a award of 1,500 shares of restricted stock in place of this grant. One director accepted this opportunity. The restricted stock award vests 20% annually over five years.

BOARD MEETINGS

During 2004, the Board held nine meetings. Each of the nominees named below attended at least 75% of the aggregate of the total number of meetings of the Board held during such director s term and at least 75% of the total number of meetings held by committees of the Board on which that director served. Clear Channel encourages, but does not require, directors to attend the annual meetings of shareholders. Eight of the ten members of the Board attended Clear Channel s 2004 Annual Meeting of Shareholders.

INDEPENDENCE OF DIRECTORS

The Board has adopted a set of Corporate Governance Guidelines, addressing, among other things, standards for evaluating the independence of Clear Channel s directors. The full text of the guidelines can be found on Clear Channel s Internet website at *www.clearchannel.com*. A copy may also be obtained upon request from the Secretary of Clear Channel. In February 2005, the Board enhanced its Corporate Governance Guidelines by adopting the following standards for determining the independence of its members:

1. A director must not be, or have been within the last three years, an employee of Clear Channel. In addition, a director s immediate family member (immediate family member is defined to include a person s spouse, parents, children, siblings, mother and father-in-law, sons and daughters-in-law and anyone (other than domestic employees) who shares such person s home) must not be, or have been within the last three years, an executive officer of Clear Channel.

2. A director or immediate family member must not have received, during any twelve month period within the last three years, more than $100,000 per year in direct compensation from Clear Channel, other than as director or committee fees and pension or other forms of deferred compensation for prior service (and no such compensation may be contingent in any way on continued service).

3. A director must not be a current partner of a firm that is Clear Channel s internal or external auditor or a current employee of such a firm. In addition, a director must not have an immediate family member who is a current employee of such a firm and who participates in the firm s audit, assurance or tax compliance (but not tax planning) practice. Finally, a director or immediate family member must not have been, within the last three years, a partner or employee of such a firm and personally worked on Clear Channel s audit within that time.

4. A director or an immediate family member must not be, or have been within the last three years, employed as an executive officer of another company where any of Clear Channel s present executive officers at the same time serve or served on that company s compensation committee.

5. A director must not (a) be a current employee, and no director s immediate family member may be a current executive officer, of any company that has made payments to, or received payments from, Clear Channel (together with its consolidated subsidiaries) for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues.

6. A director must not own, together with ownership interests of his or her family, ten percent (10%) or more of any company that has made payments to, or received payments from, Clear Channel (together with its consolidated subsidiaries) for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company s consolidated gross revenues.

7. A director or immediate family member must not be or have been during the last three years, a director, trustee or officer of a charitable organization (or hold a similar position), to which Clear Channel (together with its consolidated subsidiaries) makes contributions in an amount which, in any of the last three fiscal years, exceeds the greater of $50,000, or 5% of such organization s consolidated gross revenues.

Pursuant to the Corporate Governance Guidelines, the Board undertook its annual review of director independence in February 2005. During this review, the Board considered transactions and relationships during the prior year between each director or any member of his or her immediate family and Clear Channel and its subsidiaries, affiliates and investors, including those reported under Certain Transactions below. The Board also examined transactions and relationships between directors or their affiliates and members of the senior management or their affiliates. As provided in the Corporate Governance Guidelines, the purpose of this review was to determine whether any such relationships or transactions were inconsistent with a determination that the director is independent.

As a result of this review, the Board affirmatively determined that, of the directors nominated for election at the annual meeting, B. J. McCombs, Alan D. Feld, Perry J. Lewis, Phyllis B. Riggins, Theodore H. Strauss, J. C. Watts and John H. Williams are independent of Clear Channel and its management under the listing standards of the

NYSE and the standards set forth in the Corporate Governance Guidelines, including those standards enumerated in paragraphs 1-7 above. In addition, the Board has determined that every member of the Audit Committee, the Compensation Committee and the Nominating and Governance Committee is independent.

The rules of the NYSE require that non-management directors of a listed company meet periodically in executive sessions. Clear Channel s non-management directors have met separately in executive sessions without management present.

The Board has created the office of Presiding Director to serve as the lead non-management director of the Board. The Board has established that the office of the Presiding Director shall at all times be held by an independent director, as that term is defined from time to time by the listing standards of the NYSE and as determined by the Board in accordance with the Board s Corporate Governance Guidelines. The Presiding Director has the power and authority to do the following:

to preside at all meetings of non-management directors when they meet in executive session without management participation;

to set agendas, priorities and procedures for meetings of non-management directors meeting in executive session without management participation;

to generally assist the Chairman of the Board;

to add agenda items to the established agenda for meetings of the Board;

to request access to Clear Channel s management, employees and its independent advisers for purposes of discharging his or her duties and responsibilities as a director; and

to retain independent outside financial, legal or other advisors at any time, at the expense of the Clear Channel, on behalf of any committee or subcommittee of the Board.

The directors serving as the chairman of the Compensation Committee of the Board, the chairman of the Audit Committee of the Board and the chairman of the Nominating and Governance Committee of the Board shall each take turns serving as the Presiding Director on a rotating basis, each such rotation to take place effective the first day of each calendar quarter.

Currently, Mr. Lewis, the Chairman of the Audit Committee, is serving as the Presiding Director. As part of the standard rotation established by the Board, Mr. McCombs, the Chairman of the Nominating and Governance Committee, will begin his service as the Presiding Director on April 1, 2005.

COMMITTEES OF THE BOARD

The Board has three committees: the Compensation Committee, the Nominating and Governance Committee and the Audit Committee. The Compensation Committee has established an Executive Performance Subcommittee. Each committee had developed a written charter which guides its operations. The written charters are all available on Clear Channel s Internet website at *www.clearchannel.com*, or a copy may be obtained upon request from the Secretary of Clear Channel. The table below sets forth members of each committee.

BOARD COMMITTEE MEMBERSHIP

Name	Compensation Committee	Executive Performance Subcommittee	Nominating and Governance Committee	Audit Committee
Perry J. Lewis				X*
B. J. McCombs	X		X*	
Phyllis B. Riggins				X
Theodore H. Strauss			X	X
J. C. Watts	X	X		
John H. Williams	X*	X*	X	X

X = Committee member; * = Chairperson

The Compensation Committee

The Compensation Committee administers Clear Channel s stock option plans and performance-based compensation plans, determines compensation arrangements for all officers and makes recommendations to the Board concerning directors of Clear Channel and its subsidiaries (except with respect to matters entrusted to the Executive Performance Subcommittee as described below). See the Report of the Compensation Committee and the Executive Performance Subcommittee later in this document, which details the basis on which the Compensation Committee and its subcommittee determines executive compensation. The Compensation Committee met five times during 2004. All members of the Compensation Committee are independent as defined by the listing standards of the NYSE.

The Executive Performance Subcommittee of the Compensation Committee has as its principal responsibility to review and advise the Board with respect to performance-based compensation of executive and other corporate officers who are, or who are likely to become, subject to Section 162(m) of the Internal Revenue Code. Section 162(m), which among other things, limits the deductibility of compensation in excess of $1 million paid to a corporation s chief executive officer and the four other most highly compensated executive officers. The Executive Performance Subcommittee of the Compensation Committee met one time during 2004.

The Nominating and Governance Committee

The Nominating and Governance Committee is responsible for developing and reviewing background information for candidates for the Board of Directors, including those recommended by shareholders, and makes recommendations to the Board of Directors regarding such candidates as well as committee membership. The Nominating and Governance Committee met three times during 2004. All members of the Nominating and Governance Committee are independent as defined by the listing standards of the NYSE.

Our directors take a critical role in guiding Clear Channel s strategic direction and oversee the management of Clear Channel. Board candidates are considered based upon various criteria, such as their broad-based business and professional skills and experiences, global business and social perspectives, concern for the long-term interests of the shareholders, and personal integrity and judgment. In addition, directors must have time available to devote to Board activities and to enhance their knowledge of the industries in which Clear Channel operates.

Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to Clear Channel. Recent developments in corporate governance and financial reporting have resulted in an increased demand for such highly qualified and productive public company directors.

The Nominating and Governance Committee will consider director candidates recommended by shareholders. Any shareholder wishing to propose a nominee should submit a recommendation in writing to the secretary of Clear Channel at least 90 days in advance of the annual meeting, indicating the nominee s qualifications and other relevant biographical information and providing confirmation of the nominee s consent to serve as a director. Shareholders should direct such proposals to: Board of Directors Presiding Director, P.O. Box 659512 San Antonio, Texas 75265-9512.

The Audit Committee

The Audit Committee is responsible for reviewing Clear Channel s accounting practices and audit procedures. All members of the Audit Committee are independent as defined by the listing standards of the NYSE and Clear Channel s independence standards. Additionally, Audit Committee members Perry J. Lewis and Phyllis B. Riggins have both been designated as Financial Experts as defined by the SEC. See the Audit Committee Report later in this document, which details the duties and performance of the Committee. The Audit Committee met eight times during 2004.

Shareholder Communication with the Board

Shareholders desiring to communicate with the Board should do so by sending regular mail to Board of Directors Presiding Director, P.O. Box 659512 San Antonio, Texas 75265-9512.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board intends to nominate, at the annual meeting of shareholders, the ten persons listed as nominees below. Each of the directors elected at the annual meeting will serve until the next annual meeting of shareholders or until his or her successor shall have been elected and qualified, subject to earlier resignation and removal. The directors are to be elected by a plurality of the votes cast by the holders of the shares of Clear Channel common stock represented and entitled to be voted at the annual meeting. Unless authority to vote for directors is withheld in the proxy, the persons named therein intend to vote for the election of the ten nominees listed. Each of the nominees listed below is currently a director and is standing for re-election. Each nominee has indicated a willingness to serve as director if elected. Should any nominee become unavailable for election, discretionary authority is conferred to vote for a substitute. Management has no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

NOMINEES FOR DIRECTOR

The nominees for director are Alan D. Feld, Perry J. Lewis, L. Lowry Mays, Mark P. Mays, Randall T. Mays, B. J. McCombs, Phyllis B. Riggins, Theodore H. Strauss, J. C. Watts and John H. Williams.

Alan D. Feld, age 68, is the sole shareholder of a professional corporation which is a partner in the law firm of Akin Gump Strauss Hauer & Feld LLP. He has served as a director of Clear Channel since 1984. Mr. Feld also serves on the board of trustees of Centerpoint Properties Trust and AMR Advantage Mutual Funds.

Perry J. Lewis, age 67, has served as an Advisory Director of CRT Capital Group LLC, a trading and investment banking firm, since February 2002. Prior to that Mr. Lewis was Managing Director of Heartland Industrial Partners, a private equity capital firm, from May 2000 to January 2002. Mr. Lewis was the Chairman of Broadcasting Partners, Inc. from its inception in 1988 until its merger with Evergreen Media Corporation, and was Chief Executive Officer of Broadcasting Partners, Inc. from 1993 to 1995. Mr. Lewis is a founder of Morgan, Lewis, Githens & Ahn, an investment banking and leveraged buyout firm, which was established in 1982. He has served as a director of Clear Channel since August 30, 2000. He had served as a director of AMFM Inc. prior to that time and Evergreen Media Corporation prior to AMFM s acquisition of Evergreen Media Corporation. Mr. Lewis also serves as a director of Superior Essex, Inc.

L. Lowry Mays, age 69, is the founder of Clear Channel and currently serves as Chairman of the Board. Prior to October of 2004, he served as Chairman and Chief Executive Officer of Clear Channel and has been a director since Clear Channel s inception. Mr. Lowry Mays is the father of Mark P. Mays and Randall T. Mays, who serve as the President and Chief Executive Officer, and the Executive Vice President and Chief Financial Officer of Clear Channel, respectively.

Mark P. Mays, age 41, has served as the President and Chief Executive Officer of Clear Channel since October 2004. Prior thereto, he served as the Interim Chief Executive Officer and President and Chief Operating Officer of Clear Channel from May 2004 to October 2004 and as the President and Chief Operating Officer of Clear Channel for the remainder of the relevant five-year period. Mr. Mark Mays has served as a director since May 1998. Mr. Mark Mays is the son of L. Lowry Mays, Clear Channel s Chairman and the brother of Randall T. Mays, Clear Channel s Executive Vice President and Chief Financial Officer.

Randall T. Mays, age 39, serves as the Executive Vice President and Chief Financial Officer of Clear Channel. He has served as a director since April 1999. Mr. Randall Mays is the son of L. Lowry Mays, Clear Channel s Chairman and the brother of Mark P. Mays, Clear Channel s President and Chief Executive Officer.

B. J. McCombs, age 77, is a private investor with interests in professional sports and other investments. He is a co-founder of Clear Channel and has served as a director of Clear Channel since its inception. Mr. McCombs also serves as a director of AmeriCredit Corporation.

Phyllis B. Riggins, age 52, has been a Managing Director of Bluffview Capital, LP since May 2003. Prior thereto, she was a Managing Director and Group Head Media/Telecommunication of Banc of America Securities (and its predecessors) global corporate and investment banking from September 1979 until her retirement in September 2002. Ms. Riggins has served as a director of Clear Channel since December 2002.

Theodore H. Strauss, age 80, was a Senior Managing Director of Bear, Stearns & Co., Inc., an investment banking firm until his retirement in February 2005. He has served as a director of Clear Channel since 1984. Mr. Strauss also serves as a director of Sizeler Property Investors, Inc.

J. C. Watts, Jr., age 47, is the Chairman of JC Watts Companies, LLC, a consulting firm. Mr. Watts is a former member of the United States House of Representatives and represented the 4th District of Oklahoma from 1995 to 2002. He served as the Chairman of the House Republican Conference. He has served as a director of Clear Channel since February 2003. Mr. Watts also serves as a director of Terex Corporation, Dillard s, Inc. and Burlington Northern Santa Fe Corp.

John H. Williams, age 71, was a Senior Vice President of First Union Securities, Inc. (formerly known as Everen Securities, Inc.), an investment banking firm, until his retirement in July 1999. He has served as a director of Clear Channel since 1984. Mr. Williams also serves as a director of GAINSCO, Inc.

MANAGEMENT RECOMMENDS THAT YOU VOTE FOR THE DIRECTOR NOMINEES NAMED ABOVE.

CODE OF BUSINESS CONDUCT AND ETHICS

Clear Channel adopted a Code of Business Conduct and Ethics applicable to all its directors and employees, including its chief executive officer, chief financial officer, and chief accounting officer, which is a code of ethics as defined by applicable rules of the SEC. This code is publicly available on Clear Channel s Internet website at *www.clearchannel.com.* A copy may also be obtained upon request from the Secretary of Clear Channel. If Clear Channel makes any amendments to this code other than technical, administrative, or other non-substantive amendments, or grants any waivers, including implicit waivers, from a provision of this code that applies to Clear Channel s chief executive officer, chief financial officer or chief accounting officer and relates to an element of the SEC s code of ethics definition, Clear Channel will disclose the nature of the amendment or waiver, its effective date and to whom it applies on its website or in a report on Form 8-K filed with the SEC.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below sets forth information concerning the beneficial ownership of Clear Channel common stock as of March 11, 2005, for each director currently serving on the Board and each of the nominees for director; each of the named executive officers not listed as a director, the directors and executive officers as a group and each person known to Clear Channel to own beneficially more than 5% of outstanding common stock. At the close of business on March 11, 2005, there were 556,047,357 shares of Clear Channel common stock outstanding. Except as otherwise noted, each shareholder has sole voting and investment power with respect to the shares beneficially owned.

Name	Amount and Nature of Beneficial Ownership	Percent of Class
Alan D. Feld	60,829(1)	*
Perry J. Lewis	191,832(2)	*
L. Lowry Mays	31,414,407(3)	5.6%
Mark P. Mays	4,677,613(4)	0.8%
Randall T. Mays	3,692,482(5)	0.7%
B. J. McCombs	7,980,375(6)	1.4%
Phyllis B. Riggins	6,850(7)	*
Theodore H. Strauss	226,415(8)	*
J.C. Watts	3,000(9)	*
John H. Williams	48,589(10)	*
Roger Parry	104,473(11)	*
Paul Meyer	169,374(12)	*
FMR Corp. (13)	85,998,153	15.5%
Capital Research and Management Company (14)	31,046,820	5.6%
Hicks Muse Parties (15)	37,588,521	6.8%
All Directors and Executive Officers as a Group (17 persons)	44,617,525(16)	8.0%

* Percentage of shares beneficially owned by such person does not exceed one percent of the class so owned.

(1) Includes 49,000 shares subject to options held by Mr. Feld. Excludes 9,000 shares owned by Mr. Feld s wife, as to which Mr. Feld disclaims beneficial ownership.

(2) Includes 141,500 shares subject to options held by Mr. Lewis. Excludes 3,000 shares owned by Mr. Lewis wife, as to which Mr. Lewis disclaims beneficial ownership.

(3) Includes 2,750,000 shares subject to options held by Mr. L. Mays, 48,456 shares held by trusts of which Mr. L. Mays is the trustee, but not a beneficiary, 345,357 shares held by certain grantor retained annuity trust of which Mr. L. Mays is the trustee and the beneficiary, 2,714,791 shares held by certain grantor retained annuity trusts of which Mr. L. Mays is not the trustee, but is the beneficiary, 23,786,331 shares held by the LLM Partners Ltd of which Mr. L. Mays shares control of the sole general partner, 3,038 shares held by the LLMays Management LLC of which Mr. L. Mays is the sole member, 1,577,120 shares held by the Mays Family Foundation and 102,874 shares held by the Clear Channel Foundation over which Mr. L. Mays has either sole or shared investment or voting authority.

(4) Includes 300,000 shares subject to options held by Mr. M. Mays, 2,525,686 shares held by trusts of which Mr. M. Mays is the trustee, but not a beneficiary, and 1,022,293 shares held by the MPM Partners, Ltd. Mr. M. Mays controls the sole general partner of MPM Partners, Ltd.

(5) Includes 300,000 shares subject to options held by Mr. R. Mays, 2,537,662 shares held by trusts of which Mr. R. Mays is the trustee, but not a beneficiary, and 622,575 shares held by RTM Partners, Ltd. Mr. R. Mays controls the sole general partner of RTM Partners, Ltd.

(6) Includes 37,000 shares subject to options held by Mr. McCombs and 7,943,375 shares held by the McCombs Family Partners, Ltd. of which Mr. McCombs is the general partner. Excludes 27,500 shares held by Mr. McCombs wife, as to which Mr. McCombs disclaims beneficial ownership.

(7) Includes 3,000 shares subject to options held by Ms. Riggins.

(8) Includes 49,000 shares subject to options held by Mr. Strauss, 490 shares held by trusts of which Mr. Strauss is the trustee, but not a beneficiary, and 72,087 shares held by the THS Associates L.P. of which Mr. Strauss is the general partner.

(9) Includes 3,000 shares subject to options held by Mr. Watts.

(10) Includes 37,000 shares subject to options held by Mr. Williams. Excludes 9,300 shares held by Mr. Williams wife, as to which Mr. Williams disclaims beneficial ownership.

(11) Includes 96,481 shares subject to options held by Mr. Parry.

(12) Includes 147,500 shares subject to options held by Mr. Meyer.

(13) Address: 82 Devonshire Street, Boston, Massachusetts 02109.

(14) Address: 333 South Hope Street, Los Angeles, California 90071.

(15) The Hicks Muse Parties consist of the following entities: Mr. Thomas O. Hicks, Capstar Boston Partners, L.L.C., Hicks, Muse, Tate & Furst Equity Fund III, L.P., HM3/GP Partners, L.P., Hicks, Muse GP Partners III, L.P., Hicks, Muse Fund III Incorporated, HM3 Coinvestors, L.P., Hicks, Muse, Tate & Furst Equity Fund IV, L.P., Hicks, Muse, Tate & Furst Private Equity Fund IV, L.P., HM 4 Partners, L.P., Hicks, Muse GP Partners L.A., L.P., Hicks, Muse Latin America Fund I Incorporated, HM 1-FOF Coinvestors, L.P., HM4-EQ Coinvestors, L.P., HM4-EN Coinvestors, L.P., HM4-P Coinvestors, L.P., Hicks, Muse GP Partners IV, L.P., Hicks, Muse Fund IV LLC, and HM4/Chancellor, L.P., all of which share the address c/o Hicks, Muse, Tate & Furst Incorporated, 200 Crescent Court, Suite 1600, Dallas, Texas 75201.

(16) Includes 4,682,000 shares subject to options held by such persons, 3,896,523 shares held by trusts of which such persons are trustees, but not beneficiaries, 345,357 shares held by certain grantor retained annuity trust of which such persons are the trustee and the beneficiary, 2,714,791 shares held by certain grantor retained annuity trusts of which such persons are not the trustee, but is the beneficiary, 23,786,331 shares held by the LLM Partners Ltd, 3,038 shares held by LLMays Management LLC, 1,022,293 shares held by the MPM Partners, Ltd., 622,575 shares held by the RTM Partners, Ltd, 7,943,375 shares held by the McCombs Family Partners, Ltd, 72,087 shares held by the THS Associates L.P., 1,577,120 shares held by the Mays Family Foundation and 102,874 shares held by the Clear Channel Foundation.

EXECUTIVE COMPENSATION

Clear Channel believes that compensation of its executive and other officers should be directly and materially linked to operating performance. For fiscal year 2004, the executive compensation program consisted of a base salary, a pay-for-performance cash bonus plan, stock options and restricted stock grants based on Clear Channel s cash flow growth and other objective measures of performance.

Summary Compensation Table

The Summary Compensation Table shows certain compensation information for the years ended December 31, 2004, 2003 and 2002, for the Chief Executive Officer and each of the four most highly compensated executive officers whose total cash compensation exceeded $100,000 for services rendered in all capacities for the three years ended December 31, 2004 (hereinafter referred to as the named executive officers).

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION			
					Awards		Payouts	
Name And Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($) (1)	Restricted Stock Award(s) ($)	Options (#)	LTIP Payout ($)	All Other Compensation ($)
Mark Mays	2004	688,469	1,700,000		1,113,250(4)	150,000		5,125(5)
President and CEO (2)	2003	697,093	1,000,000		915,500(4)	225,000		5,000(5)
	2002	692,627	1,975,000					3,500(5)
L. Lowry Mays	2004	1,009,894	1,700,000		1,113,250(4)	150,000		5,125(5)
Chairman (3)	2003	1,012,838	1,000,000		915,500(4)	225,000		5,000(5)
	2002	1,009,078	1,975,000					101,009(6)
Randall Mays	2004	688,293	1,700,000		1,113,250(4)	150,000		5,125(5)
Executive Vice	2003	692,617	1,000,000		915,500(4)	225,000		5,000(5)
President and CFO	2002	691,089	1,975,000					3,500(5)
Roger Parry (7)	2004	785,355	598,719			35,000		214,502(8)
CEO Clear Channel	2003	680,493	54,472			35,000		195,234(8)
International	2002	601,440						104,030(8)
Paul Meyer	2004	465,686	342,000			65,000		5,125(5)
President and CEO	2003	403,992	420,000			40,000		5,000(5)
Clear Channel Outdoor	2002	349,472	150,000					3,500(5)

(1) Perquisites that are less than $50,000 in the aggregate for any named executive officer are not disclosed in the table in accordance with SEC rules.

(2) Mark Mays was appointed as the President and CEO on October 20, 2004. Prior thereto, Mark Mays served as the Interim CEO and President and COO from May 2004 to October 2004 and as the President and COO prior to May 2004.

(3) L. Lowry Mays served as the CEO until October 20, 2004. L. Lowry Mays has remained as Clear Channel s Chairman of the Board.

(4) Grants of 25,000 shares of restricted stock were awarded on both February 19, 2004 and February 19, 2003. The aggregate 50,000 shares of restricted stock had a fair market value of $1,674,500 as of December 31, 2004. The restriction will lapse and the shares will vest on the fifth anniversary of the date of grant. The holder will receive all cash dividends declared and paid during the vesting period.

(5) Represents the amount of matching contributions paid by Clear Channel under its 401(k) Plan.

(6) Represents $98,209 paid by Clear Channel from January 1, 2002 to July 30, 2002 on a split-dollar life insurance policy for L. Lowry Mays. Such amounts include the entire dollar amount of the term life portion and the present value to L. Lowry Mays of the interest-free use of the non-term portion of each premium payment. The remainder represents the amount of matching contributions paid by Clear Channel under its 401(k) Plan.

(7) Mr. Parry is a citizen of the United Kingdom. The compensation amounts reported in this table have been converted from British pounds to U.S. dollars using the average exchange rate from each applicable year.

(8) Includes $62,902, $84,065 and $31,200 in contracted payments to Mr. Parry in lieu of a company automobile for 2004, 2003 and 2002, respectively. Also includes $9,334, $4,090 and $3,759 in contracted payments to Mr. Parry in lieu of medical benefit for 2004, 2003 and 2002, respectively. Also includes $142,266, $107,079 and $69,071 in contributions paid by Clear Channel to Mr. Parry s pension plans for 2004, 2003 and 2002, respectively.

Stock Option Grant Table

The following table sets forth certain information concerning stock options granted to the named executive officers during the year ended December 31, 2004.

Name	Number of Securities Underlying Options Granted (#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price ($/share)	Expiration Date	Grant Date Present Value ($) (1)
Mark Mays	150,000	3.19%	44.53	2/19/09	2,265,000
L. Lowry Mays	150,000	3.19%	44.53	2/19/14	2,634,000
Randall Mays	150,000	3.19%	44.53	2/19/09	2,265,000
Roger Parry	35,000	.75%	44.53	2/19/09	528,500
Paul Meyer	65,000	1.38%	44.53	2/19/09	981,500

(1) Present value for this option was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate ranging from 3.06% to 2.21%, a dividend yield of .90%, a volatility factor of the expected market price of Clear Channel s common stock used ranged from 46% to 50% and the expected life ranged from 3 years to 5 years. The present value of stock options granted is based on a theoretical option-pricing model. In actuality, because Clear Channel s employee stock options are not traded on an exchange, optionees can receive no value nor derive any benefit from holding stock options under these plans without an increase in the market price of Clear Channel stock. Such an increase in stock price would benefit all shareholders commensurately.

Stock Option Exercises and Holding Table

The following table sets forth certain information regarding stock options exercised by the named executive officers during the year ended December 31, 2004, including the aggregate value of gains on the date of exercise. In addition, the table sets forth the number of shares covered by both exercisable and unexercisable stock options as of December 31, 2004. Also reported are the values of in the money options which represent the positive spread between the exercise price of any existing stock options and the Clear Channel common stock price as of December 31, 2004.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#) Exercisable/Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year End ($) Exercisable/Unexercisable
Mark Mays	30,000	772,200	266,500 / 800,000	-0- / -0-
L. Lowry Mays			2,495,000 / -0-	4,005,240 / -0-
Randall Mays	30,000	772,200	266,500 / 800,000	-0- / -0-
Roger Parry			85,224 / 147,507	-0- / -0-
Paul Meyer			103,750 / 131,250	-0- / -0-

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Equity Compensation Plans

The following table summarizes information, as of December 31, 2004, relating to Clear Channel s equity compensation plans pursuant to which grants of options, restricted stock or other rights to acquire shares may be granted from time to time.

Plan category	Number of securities to be issued upon exercise price of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	22,561,403	$ 47.427	37,003,302
Equity compensation plans not approved by security holders (2)	20,747	$ 27.200	1,745,517
Total (3)	22,582,150	$ 47.408	38,748,819

(1) These plans are the Clear Channel Communications, Inc. 1994 Incentive Stock Option Plan, Clear Channel Communications, Inc. 1994 Nonqualified Stock Option Plan, Clear Channel Communications, Inc. 1998 Incentive Stock Option Plan and Clear Channel Communications, Inc. 2001 Incentive Stock Option Plan.

(2) The sole equity compensation plan not submitted to the shareholders for approval is the Clear Channel Communications, Inc. 2000 Employee Stock Purchase Plan. The Clear Channel Communications, Inc. 2000 Employee Stock Purchase Plan is included with the exhibits to Clear Channel s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2002.

(3) Does not include option to purchase an aggregate of 19,276,658 shares, at a weighted average exercise price of $41.7344, granted under plans assumed in connection with acquisition transactions. No additional options may be granted under these assumed plans.

Employment Agreements

On March 10, 2005, Clear Channel entered into amended and restated employment agreements with its three senior executives, L. Lowry Mays (Chairman), Mark Mays (President and Chief Executive Officer) and Randall Mays (Executive Vice President and Chief Financial Officer). These agreements amended and restated existing employment agreements dated October 1, 1999 between Clear Channel and the three executives. Each amended and restated agreement has a term of seven years with automatic daily extensions unless Clear Channel or the executive elects not to extend the agreement. Each of these employment agreements provides for a minimum base salary, subject to review and annual increase by the Compensation Committee. In addition, each agreement provides for an annual bonus pursuant to Clear Channel s Annual Incentive Plan or as the Executive Performance Subcommittee determines. The employment agreements with the Chairman, President and Chief Executive Officer, and Executive Vice President and

Chief Financial Officer provide for base minimum salaries of $350,000, $350,000 and $325,000, respectively, and for minimum option grants to acquire 50,000 shares of Clear Channel common stock; provided, however, that the annual option grant will not be smaller than the option grant in the preceding year unless waived by the executive. Each option will be exercisable at fair market value at the date of grant for a ten-year period even if the executive is not employed by Clear Channel. The Compensation Committee or the Executive Performance Subcommittee will determine the schedule upon which the options will vest and become exercisable.

Each of these executive employment agreements provides for severance and change-in-control payments in the event that Clear Channel terminates an executive s employment without Cause or if the executive terminates for Good Reason . Cause is narrowly defined, and any determination of Cause is subject to a supermajority vote of the independent members of Clear Channel s independent directors. Good Reason includes defined change-in-control transactions involving Clear Channel, Clear Channel s election not to automatically extend the term of the employment agreement, a diminution in the executive s pay, duties or title or, (1) in the case of the

President and Chief Executive Officer, at any time that the office of Chairman is held by someone other than L. Lowry Mays, Mark Mays or Randall Mays; or (2) in the case of the Executive Vice President and Chief Financial Officer, at any time that either of the offices of Chairman or President and Chief Executive Officer is held by someone other than L. Lowry Mays, Mark Mays or Randall Mays. If an executive is terminated by Clear Channel without Cause or the executive resigns for Good Reason then that executive will receive a lump-sum cash payment equal to the base salary and bonus that otherwise would have been paid for the remainder of the term of the agreement (using the highest bonus paid to executive in the three years preceding the termination but not less than $1,000,000 bonus for the President and Chief Executive Officer or the Executive Vice President and Chief Financial Officer, and $3,000,000 bonus for the Chairman), continuation of benefits, immediate vesting on the date of termination of all stock options held by the executive on the date of termination, and either: (i) an option to acquire 1,000,000 shares of Clear Channel s common stock at fair market value as of the date of termination that is fully vested and exercisable for a period of ten years, or (ii) a grant of a number of shares of Clear Channel s common stock equal to: (a) 1,000,000, divided by (b) the number computed by dividing: (x) the last reported sale price of Clear Channel s common stock on the NYSE at the close of the trading day immediately preceding the date of termination of executive s employment, by (y) the value of the stock option described in clause (i) above as determined by Clear Channel in accordance with generally accepted accounting principles. Certain tax gross up payments would also be due on such amounts. In the event the executive s employment is terminated without Cause or for Good Reason, the employment agreements also restrict the executive s business activities that compete with the business of Clear Channel for a period of two years following such termination.

On February 18, 2004, Clear Channel entered into an employment agreement with Paul J. Meyer. This contract became effective as of the 1st day of February 2004 and the initial term ends on January 31, 2006; the term automatically extends one day at a time beginning February 1, 2005 unless one party gives the other one years notice of expiration at or prior to January 31, 2005. The contract calls for Mr. Meyer to be the President and Chief Executive Officer, Clear Channel Outdoor for a base salary of $475,000 for the period from February 1, 2004 through January 31, 2005; and $500,000 for the period from February 1, 2005 through January 31, 2006, subject to additional annual raises thereafter in accordance with Clear Channel s policies. Mr. Meyer is also eligible to receive a performance bonus based on the percentage increase of EBIT per year and stock options based on merit as decided by the Clear Channel Compensation Committee. Upon execution of the agreement, Mr. Meyer received 25,000 options to purchase Clear Channel common stock at an exercise price equal to the fair market value of the common stock on the date of grant.

Mr. Meyer may terminate his employment at any time upon one year s written notice. Clear Channel may terminate Mr. Meyer without Cause upon one year s written notice. If Mr. Meyer is terminated without Cause , he is entitled to receive a lump sum payment of accrued and unpaid base salary and prorated bonus, if any, and any payments to which he may be entitled under any applicable employee benefit plan. Mr. Meyer is prohibited by his employment agreement from activities that compete with Clear Channel for 12 months after he leaves Clear Channel and he is prohibited from soliciting Clear Channel employees for employment for 12 months after termination regardless of the reason for termination of employment.

REPORT OF THE COMPENSATION COMMITTEE AND THE EXECUTIVE PERFORMANCE SUBCOMMITTEE

The following Report of the Compensation Committee and the Executive Performance Subcommittee and the performance graphs included elsewhere in this proxy statement do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Clear Channel specifically incorporates this Report or the performance graphs by reference therein.

The Compensation Committee of the Board of Directors and the Committee s Executive Performance Subcommittee have furnished the following report on executive compensation for fiscal year 2004.

Overall Policy

The financial success of Clear Channel is linked to the ability of its executive and other officers to direct Clear Channel s current operations, to assess the advantages of potential acquisitions, and to realign the operations of acquired entities with the operating policies of Clear Channel. The fundamental objective of Clear Channel s compensation strategy is to attract, retain and motivate top quality executive and other officers through compensation and incentives which align the interests of Clear Channel s officers and senior management with the interests of Clear Channel s shareholders.

Clear Channel believes that compensation of its executive and other officers and senior managers should be directly and materially linked to operating performance. For fiscal year 2004, the executive compensation program consisted of a base salary, a pay-for-performance cash bonus plan, stock options and restricted stock awards. The annual pay-for-performance criteria are based on Clear Channel s year-over-year improvements in financial results using a combination of metrics including earnings per share, free cash flow per share and operating income before depreciation, amortization and non-cash compensation expense.

The Compensation Committee and the Executive Performance Subcommittee believe that this four-component approach best serves the interests of Clear Channel and its shareholders. It enables Clear Channel to meet the requirements of the highly competitive environment in which Clear Channel operates while ensuring that all officers and senior managers are compensated in a way that advances the interests of all shareholders. Under this approach, compensation of these officers and senior managers involves a high proportion of pay that is at risk , namely, the annual pay-for-performance cash bonus, stock options and restricted stock awards. The annual pay-for-performance cash bonus is also based entirely on Clear Channel s financial performance relative to goals established at the start of the fiscal year. Stock options and restricted stock awards constitute a significant portion of long-term remuneration that is tied directly to stock price appreciation that benefits all of Clear Channel s shareholders.

The compensation of Clear Channel s Chairman, President and Chief Executive Officer and Executive Vice President and Chief Financial Officer is based on the performance of Clear Channel as a whole. The compensation of Clear Channel s President and Chief Executive Officer, Radio Division, its President and Chief Executive Officer of Clear Channel Outdoor, its Chairman and Chief Executive Officer of Clear Channel Entertainment, its President and Chief Executive Officer of Television, its Chief Executive Officer of Clear Channel International, and its President of International Radio are compensated in part based on the performance of their respective operating divisions, and in part based on the performance of Clear Channel as a whole.

In carrying out its responsibilities, for the past two years, the Compensation Committee has engaged a leading national executive compensation consulting firm to develop and provide market pay data to better evaluate the appropriateness and competitiveness of compensation paid to Clear Channel s executive officers. The consultant developed market pay data from proxy statements of leading media companies (Media Peers) identified by the Committee as key competitors for business and/or executive talent and from a group of general industry companies (General Industry Peers) selected on the basis of criteria that were deemed to reflect Clear Channel in terms of the stock exchange upon which Clear Channel s shares trade, scope of operations, revenue, free cash flow, total assets, market value, total capital and/or number of employees.

The consultant provided the Committee with market pay data for base salary, bonus, total cash compensation, long-term incentives, and total direct compensation for Media Peers and General Industry Peers. Market pay data was provided at the 25th, 50th and 75th percentiles of peer pay levels. Based on the Committee s assessments of peer pay levels and of each executive officer s skills, performance and contributions, the Committee determined that overall compensation paid to its executive officers was competitively positioned (within the 25th and 50th percentiles) compared to Media Peers and was appropriate in comparison to general industry pay practices, performance considerations, and Clear Channel s desire to motivate and retain its executive officers.

Compensation

Base Salary

Base salaries of executive and other officers are set at levels comparable to salaries paid by companies in similar industries in which Clear Channel operates. The salaries of all executive officers are determined through mutual negotiations between the executive and the Compensation Committee. We may enter into employment agreements with executive officers in which case Clear Channel is required to compensate those executive officers in accordance with their employment agreements. Clear Channel currently has employment agreements with its Chairman, its President and Chief Executive Officer, its Executive Vice President and Chief Financial Officer, its President and Chief Executive Officer of Clear Channel Radio, its President and Chief Executive Officer of Clear Channel Outdoor and its Chairman and Chief Executive Officer of Clear Channel Entertainment. The Compensation Committee and the independent members of the Board of Directors believe that employment agreements with key executives are in the best interests of Clear Channel to assure continuity of management.

Bonus Plans

In fiscal year 2004, executive officers of Clear Channel participated in Clear Channel s Annual Incentive Plan. This plan was administered by the Executive Performance Subcommittee and provided for performance-based bonuses for executives who were covered employees pursuant to Section 162(m) of the Internal Revenue Code. Under the plan, the Subcommittee establishes specific company performance-based goals applicable to each covered executive officer for the ensuing fiscal year performance period. The budgeted goals established for fiscal year 2004 were based upon the executives achieving certain goals, including an increase in cash flow per share over the prior year and other objective measures of performance. Performance goals for each executive officer were set pursuant to an extensive annual operating plan developed in February 2004 by the then-Chief Executive Officer, L. Lowry Mays, in consultation with the then-Chief Operating Officer, Mark Mays, the Chief Financial Officer and other senior executive officers, including the principal executive officers of Clear Channel s various operating divisions. The then-Chief Executive Officer, L. Lowry Mays, made recommendations as to the compensation levels and performance goals of Clear Channel s executive officers to the Compensation Committee for its review, consideration and approval.

In addition, for fiscal year 2004, the Subcommittee established an objective formula for calculating the maximum bonus payable to each participating executive officer. These maximum bonus amounts were set above Clear Channel s historical bonus levels for executives other than the then-current Chief Executive Officer, L. Lowry Mays, because the Section 162(m) regulations allow only negative discretion in respect of this type of plan, and the Subcommittee desired flexibility to recognize exceptional individual performance when warranted. For the 2004 performance period, the Committee exercised its discretion to reduce incentive payments below what would have been allowed under the Clear Channel Annual Incentive Plan.

For fiscal year 2004, the Subcommittee established overall Company performance targets for the Chairman, President and Chief Executive Officer and Executive Vice President and Chief Financial Officer based upon the achievement of specified levels of growth in earnings per share for Clear Channel. The performance goals for the principal executive officers of Clear Channel s main operating divisions (Domestic Radio, International Radio, Television, Domestic Outdoor, International Outdoor and Entertainment) included a component attributable to growth in cash flow of their respective operating division, and also a component attributable to growth in cash flow for Clear Channel as a whole. After the end of the fiscal year, the Subcommittee confirmed that the 2004 targets had been achieved and, accordingly, that annual bonuses would be paid under the plan, subject to the Subcommittee s exercise of negative discretion, to the then-current President and Chief Executive Officer, Mark Mays, and the other plan participants. The amounts of the bonuses paid to the named executives are set forth in the Summary Compensation Table presented elsewhere in these proxy materials.

Stock Options

Stock option grants to executive and other officers of Clear Channel were determined based solely on the achievement of the performance goals described previously in this report. All decisions to grant stock options are in the sole discretion of the Compensation Committee or the Executive Performance Subcommittee, as applicable.

The employment agreements with the Chairman, President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer contemplate the award of annual option grants to acquire not less than 50,000 shares of Clear Channel common stock.

Restricted Stock Awards

Restricted stock awards to key executives of Clear Channel were determined based solely on the achievement of certain performance goals as discussed previously in this report. All decisions to award restricted stock are in the sole discretion of the Compensation Committee and the Executive Performance Subcommittee, as applicable, based on the achievement of those performance goals.

The Committee intends to review contractual employment and compensation arrangements annually, including base salary and annual and long term incentive compensation to be assured that its key elements reflects objective of aligning the interests of Clear Channel s officers with those of its shareholders.

Chief Executive Officer Compensation

The Clear Channel Compensation Committee and the Executive Performance Subcommittee established the Chief Executive Officer s performance goals and determined the amount of his incentive bonus. During 2004, there were two individuals who held the position of Chief Executive Officer for Clear Channel. L. Lowry Mays was Chairman and Chief Executive Officer from January 1, 2004 until May 7, 2004. On May 7, 2004, the Clear Channel Board elected Mark Mays President and interim Chief Executive Officer of Clear Channel. Effective October 20, 2004, Mark Mays was elected by the Board of Directors as President and Chief Executive Officer of Clear Channel.

Clear Channel entered into a seven-year employment agreement with L. Lowry Mays, to serve as Chairman and Chief Executive Officer, effective October 1, 1999. The employment agreement provides for a minimum annual base salary of $1 million. The salary amount is subject to review by the Clear Channel Compensation Committee of the Board and may be increased on an annual basis at the beginning of each fiscal year. The term of the employment agreement is automatically extended at the end of each day by one additional day for each day expired during the employment period, in the absence of a notice of non-extension from L. Lowry Mays. The employment agreement contemplates that L. Lowry Mays will be awarded bonus compensation as determined by the Clear Channel Executive Performance Subcommittee of the Board and an annual option grant to acquire not less than 100,000 shares of Clear Channel common stock. The employment agreement provides for substantial severance and change-in-control payments and option grants in the event that Clear Channel terminates L. Lowry Mays employment without Cause or if L. Lowry Mays terminates for Good Reason. On March 10, 2005, Clear Channel entered into an amended and restated employment agreement with L. Lowry Mays, which amended and restated the existing employment agreement dated October 1, 1999. The changes to the original employment agreement reflect the fact that L. Lowry Mays now serves as the Chairman of Clear Channel s board of directors and not the Chief Executive Officer and that the offices of Chairman and Chief Executive Officer are no longer combined. In addition, changes to the original employment agreement provide L. Lowry Mays with the choice of receiving a number of shares of Clear Channel common stock based on a formula as part of a severance package in lieu of a stock option grant in cases where L. Lowry Mays is terminated by Clear Channel without cause or he resigns for good reason.

Clear Channel entered into a seven-year employment agreement with Mark Mays, to serve as President and Chief Operating Officer, effective October 1, 1999. The employment agreement provides for a minimum annual base salary of $350,000. The salary amount is subject to review by the Clear Channel Compensation Committee of the Board and may be increased on an annual basis at the beginning of each fiscal year. The term of the employment agreement is automatically extended at the end of each day by one additional day for each day expired during the employment period, in the absence of a notice of non-extension from Mark Mays. The employment agreement contemplates that

Mark Mays will be awarded bonus compensation as determined by the Clear Channel Executive Performance Subcommittee of the Board and an annual option grant to acquire not less than 50,000 shares of Clear Channel common stock. The employment agreement provides for substantial severance and change-in-control payments and option grants in the event that Clear Channel terminates Mark Mays employment without Cause or if Mark Mays terminates for Good Reason. On March 10, 2005, Clear Channel entered into an amended and restated employment agreement Mark Mays, which amended and restated the existing employment agreement dated October 1, 1999. The changes to the original employment agreement reflects the fact that Mark Mays now serves as Clear Channel s President and Chief Executive Officer and that the offices of Chairman and Chief Executive Officer are no longer combined. The amended and restated employment agreement for Mark Mays also eliminated provisions in his original employment agreement that provided for the doubling of a lump sum cash severance payment to be paid in the event that his employment was terminated under certain circumstances. In addition, changes to his employment agreement provide Mark Mays with the choice of receiving a number of shares of Clear Channel common stock based on a formula as part of a severance package in lieu of a stock option grant in cases where Mark Mays is terminated by Clear Channel without cause or he resigns for good reason.

At the end of 2004, the annual salary of L. Lowry Mays, Clear Channel s Chairman, was $695,000 pursuant to his employment contract with Clear Channel. He was paid a cash bonus of $1.7 million in February of 2005 that, while paid in 2005, rewarded him for performance in his role as Chairman and Chief Executive Officer in 2004. Options were granted to L. Lowry Mays for his performance as Chairman and Chief Executive Officer in 2004 for the purchase of 150,000 shares of Clear Channel common stock. In addition, 25,000 shares of restricted stock were awarded to L. Lowry Mays for his performance as Chairman and Chief Executive Officer in 2004.

At the end of 2004, the annual salary of Mark Mays, Clear Channel s Chief Executive Officer, was $695,000 pursuant to his employment contract with Clear Channel. He was paid a cash bonus of $1.7 million in February of 2005 that, while paid in 2005, rewarded for performance in his role as President and Chief Executive Officer in 2004. Options were granted to Mark Mays for his performance as President and Chief Executive Officer in 2004 for the purchase of 150,000 shares of Clear Channel common stock. In addition, 25,000 shares of restricted stock were awarded to Mark Mays for his performance as President and Chief Executive Officer in 2004.

The Compensation Committee and Executive Performance Subcommittee utilized information gathered from an independent executive compensation consulting firm in determining the overall compensation package for the Clear Channel Chief Executive Officer. The amount of salary paid and bonus awarded to the L. Lowry Mays and Mark Mays for performance as Chief Executive Officer during fiscal year 2004 was made in accordance with the terms of their respective employment agreements as described above and in accordance with performance-based criteria discussed previously in this report.

Policy on Deductibility of Compensation

Section 162(m) of the Internal Revenue Code limits the tax deduction for compensation paid to the named executive officers to $1 million. However, performance-based compensation that has been approved by shareholders is excluded from the $1 million limit if, among other requirements, the compensation is payable only upon attainment of pre-established, objective performance goals and the board committee that establishes such goals consists only of outside directors (as defined for purposes of Section 162(m)).

At the 2000 annual Clear Channel shareholder meeting, the shareholders approved on annual incentive plan, which met the requirements of Section 162(m) with respect to the performance-based compensation paid to the Chief Executive Officer, as discussed above. The annual incentive plan adopted at the 2000 annual meeting will expire on the date of this year s annual meeting. The 2005 Annual Incentive Plan being submitted to the shareholders for approval at this year s annual meeting is intended to replace the annual incentive plan adopted at the 2000 annual meeting. The present intention of the Clear Channel Compensation Committee is to continue to comply with the requirements of Section 162(m).

Respectfully submitted,

THE COMPENSATION COMMITTEE
John Williams, J.C. Watts and B.J. McCombs

THE EXECUTIVE PERFORMANCE SUBCOMMITTEE
John Williams and J.C. Watts

STOCK PERFORMANCE GRAPH

(Indexed Yearly Stock Price Close)

The following charts demonstrate a five-year comparison of the cumulative total returns, adjusted for stock splits and dividends, for Clear Channel, a Radio Index, the S&P Consumer Discretionary Index, and the S&P 500 Composite Index as well as a ten-year comparison of the cumulative total returns, adjusted for stock splits and dividends, for Clear Channel, the S&P Consumer Discretionary Index, and the S&P 500 Composite Index.

	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Clear Channel	1,000	543	571	418	527	382
Radio Index*	1,000	415	749	651	825	608
S&P Consumer Discretionary Index	1,000	801	823	628	862	976
S&P500 Index	1,000	910	802	626	804	890

* The Radio Index is comprised of Cox Radio, Cumulus Media, Emmis Communications, Entercom Communications, Radio One and Spanish Broadcasting.

	12/31/94	12/31/95	12/31/96	12/31/97	12/31/98	12/31/99	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Clear Channel	1,000	1,739	2,847	6,261	8,591	14,069	7,635	8,024	5,878	7,413	5,372
S&P Consumer Discretionary Index	1,000	1,202	1,351	1,812	2,553	3,192	2,556	2,627	2,004	2,750	3,112
S&P500 Index	1,000	1,371	1,682	2,239	2,874	3,474	3,160	2,786	2,174	2,791	3,091

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires Clear Channel s directors, executive officers and beneficial owners of more than 10% of any class of equity securities of Clear Channel to file reports of ownership and changes in ownership with the SEC and the NYSE. Directors, executive officers and greater than 10% shareholders are required to furnish Clear Channel with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no such forms were required to be filed by those persons, Clear Channel believes that all such Section 16(a) filing requirements were satisfied during fiscal year 2004, except that Ms. Riggins was late in filing one transaction which was an open market purchase of shares, Mr. Hill was late in filing one transactions which was the exercise of employee stock options, Mr. Levin was late in filing one transaction which was a regular purchase through the Clear Channel Communications, Inc. Employee Stock Purchase Plan, and Mr. McCombs was late in filing the 2004 scheduled settlement of a forward contract.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee during fiscal 2004 or as of the date of this proxy statement is or has been an officer or employee of Clear Channel. Mr. B. J. McCombs serves on Clear Channel s Compensation Committee. Clear Channel leases certain office space in San Antonio, Texas, from the children of L. Lowry Mays and a limited partnership owned and controlled by the children of B. J. McCombs. This lease expires on December 31, 2005 with current monthly rentals of $13,721. Mr. Mays and Mr. McCombs do not serve as a trustee for any of the trusts nor are either of them beneficiaries of any of the trusts. Mr. Mays and Mr. McCombs have no pecuniary or other retained interest in any of the trusts. A limited partnership owned and controlled by the children of B. J. McCombs purchased an aggregate of $608,460 of radio, television and outdoor advertising for its various automobile dealerships from Clear Channel subsidiaries during 2004. Clear Channel believes the transactions described above are no less favorable to Clear Channel than could be obtained with nonaffiliated parties.

CERTAIN TRANSACTIONS

Kathryn Mays Johnson, daughter of L. Lowry Mays, earned $68,040 during 2004 for her services to Clear Channel as its Senior Vice President, Corporate Relations.

Allen J. Becker, the father of Brian Becker who serves as the Chairman and Chief Executive Officer of Clear Channel Entertainment, a subsidiary of Clear Channel, has various ownership interests in certain theater venues which Clear Channel Entertainment manages for a fee. Clear Channel Entertainment also provides office space to Allen J. Becker. In 2004, Clear Channel Entertainment received $300,000 for services rendered to these venues and $62,400 for use of office facilities. Allen J. Becker also owns land for which Clear Channel Entertainment paid rent of $18,000 during 2004.

Additionally, on August 23, 2000, SFX Theatrical Group, Inc., a subsidiary of Clear Channel, entered into an agreement to acquire all the issued and outstanding stock of Theatre Management Group, Inc. (TMG) from its shareholders. Allen J. Becker held 37.5% of TMG. The transaction subsequently closed on October 13, 2000. Among its terms, the agreement required SFX to make certain contingent payments to the former TMG shareholders upon satisfaction of certain completion criteria related to theater development projects that were underway in Baltimore and Boston at the time of the acquisition. The conditions related to the Baltimore project were satisfied and the required contractual payments to the shareholders were made on February 13, 2004. The conditions related to the Boston project were also satisfied and the required contractual payments to the shareholders were made on July 26, 2004. Allen J. Becker received two payments of $187,500 each.

In May 1977, Clear Channel and its then shareholders, including L. Lowry Mays and B.J. McCombs, entered into a Buy-Sell Agreement restricting the disposition of the outstanding shares of Clear Channel common stock owned by L. Lowry Mays and B.J. McCombs and their heirs, legal representatives, successors and assigns. The Buy-Sell Agreement provides that in the event that a restricted party desires to dispose of his shares, other than by disposition by will or intestacy or through gifts to such restricted party s spouse or children, such shares must be offered for a period of 30 days to Clear Channel. Any shares not purchased by Clear Channel must then be offered for a period of 30 days to the other restricted parties. If all of the offered shares are not purchased by Clear Channel or the other restricted parties, the restricted party offering his or her shares may sell them to a third party during a period of 90 days thereafter at a price and on terms not more favorable than those offered to Clear Channel and the other restricted parties. In addition, a restricted party may not individually, or in concert with others, sell any shares so as to deliver voting control to a third party without providing in any such sale that all restricted parties will be offered the same price and terms for their shares. All shares of Clear Channel common stock owned by Mr. McCombs have been released from the terms of the Buy-Sell Agreement.

PROPOSAL 2: APPROVAL OF THE 2005 ANNUAL INCENTIVE PLAN

The Board of Directors has approved and recommends that the shareholders approve the adoption of the 2005 Annual Incentive Plan, which is intended to comply with Section 162(m) of the Internal Revenue Code. The 2005 Annual Incentive Plan, if approved by shareholders, will provide for the payment of bonuses to each executive officer of Clear Channel and its subsidiaries, and other key executives who are selected to participate in the 2005 Annual Incentive Plan by the Compensation Committee of the Board of Directors. The bonuses will be performance awards based on the satisfaction of performance objectives as described below.

On February 16, 2005, the Board of Directors approved the 2005 Annual Incentive Plan. The 2005 Annual Incentive Plan permits the Compensation Committee to grant performance awards based upon pre-established performance goals to executives of Clear Channel and its subsidiaries selected by the Compensation Committee, whether or not such executives, at the time of grant, are subject to the limit on deductible compensation under Section 162(m) of the Internal Revenue Code.

In order to qualify for deductibility under Section 162(m) of the Internal Revenue Code, the 2005 Annual Incentive Plan, including the performance goals set forth in the 2005 Annual Incentive Plan, must be approved by the shareholders. If the 2005 Annual Incentive Plan is not approved by Clear Channel s shareholders, no performance awards granted under the 2005 Annual Incentive Plan will be paid whether or not the performance goals are achieved.

Shareholder approval of the 2005 Annual Incentive Plan is recommended by the Board of Directors in order to continue to provide an incentive to executive officers and other selected key executives of Clear Channel and its subsidiaries to contribute to the growth, profitability and increased shareholder value of Clear Channel, to retain such executives, and to endeavor to maintain the tax-deductible status of such incentive payments to Clear Channel s Chief Executive Officer and four other most-highly paid executive officers at year end who are named in Clear Channel s proxy statement for the year in which such amounts are claimed as a deduction by Clear Channel.

The 2005 Annual Incentive Plan will be administered by the Compensation Committee. The Compensation Committee will select plan participants from among executive officers and other key executives of Clear Channel and its subsidiaries. The number of participants in the 2005 Annual Incentive Plan is not determinable from year to year. The 2005 Annual Incentive Plan provides for the grant of performance-based incentive compensation (Performance Awards). Thus, under the 2005 Annual Incentive Plan, the Compensation Committee, in its sole discretion, may grant Performance Awards to eligible employees.

Under the 2005 Annual Incentive Plan, the Compensation Committee has the authority to grant Performance Awards which provide participants with the right to such an award based upon the achievement of one or more levels of performance required to be attained with respect to a performance goal, as defined below (a Performance Goal), set by the Compensation Committee during a Performance Period (the Performance

Objective). The 2005 Annual Incentive Plan contemplates that the following Performance Goals may be selected by the Compensation Committee and shall mean or may be expressed in terms of any of the following business criteria: revenue growth, earnings before interest, taxes depreciation and amortization (EBITDA), EBITDA growth, operating income before depreciation and amortization and non-cash compensation expense (OIBDAN), OIBDAN growth, funds from operations, funds from operations per share and per share growth, operating income and operating income growth, net earnings, earnings per share and per share growth, return on equity, return on assets, share price performance on an absolute basis and relative to an index, improvements in Clear Channel s attainment of expense levels, implementing or completion of critical projects, or improvement in cash-flow (before or after tax). A Performance Goal may be measured over a Performance Period on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. For purposes of the 2005 Annual Incentive Plan, a Performance Period shall mean the calendar year, or such other shorter or longer period designated by the Compensation Committee, during which performance will be measured in order to determine a participant s entitlement to receive payment of a Performance Award.

The 2005 Annual Incentive Plan contemplates that the Compensation Committee will establish the Performance Objective for each Performance Award, consisting of one or more business criteria permitted as a Performance Goal hereunder, one or more levels of performance with respect to each such criteria and the amount or amounts payable or other rights that the participant will be entitled upon achievement of such levels of performance. The Performance Objective applicable to a Performance Period must be established by the Compensation Committee prior to, or reasonably promptly following the inception of, a Performance Period, but no later than the earlier of the date that is 90 days after the commencement of the Performance Period or the date prior to the date on which twenty-five percent of the Performance Period has elapsed, as required by Section 162(m) of the Internal Revenue Code.

Upon certification of the achievement of Performance Objectives by the Compensation Committee which entitle a participant to the payment of a Performance Award, unless such participant has elected to defer payment upon approval by the Compensation Committee, the award shall be settled in cash or other property. A participant will not be granted a Performance Award for any Performance Periods that permit the participant in the aggregate to earn a cash payment or payment in other property in excess of $15 million in a calendar year.

The Compensation Committee is authorized at any time during or after a Performance Period, in its sole and absolute discretion, to reduce or eliminate the Performance Award of any participant, for any reason, including changes in the participant s position or duties with Clear Channel or any subsidiary during a Performance Period, whether due to any termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. To the extent necessary to preserve the intended economic effects of the 2005 Annual Incentive Plan to Clear Channel and its subsidiaries and the participants, the Compensation Committee is also authorized during or after a Performance Period to adjust the Performance Objectives and/or, the Performance Awards to take into account a change in corporate capitalization, a corporate transaction, any partial or complete liquidation of Clear Channel or any subsidiary or a change in accounting rules (with respect to Performance Awards, a change in accounting rules will not be taken into account for purposes of this adjustment unless the Compensation Committee determines otherwise no later than the earlier of the date that is 90 days after the commencement of the Performance Period or the date prior to the date on which twenty-five percent of the Performance Period has elapsed); provided that, no such adjustment may cause any Performance Awards to fail to qualify as qualified performance based compensation under Section 162(m) of the Internal Revenue Code.

Under the 2005 Annual Incentive Plan, each participant (upon advance approval of the Compensation Committee) will have the right to defer receipt of part or all of any payment due with respect to a Performance Award, subject to the terms, conditions and administrative guidelines as the Compensation Committee shall determine from time to time.

In the event a participant terminates his or her employment for any reason during a Performance Period, he or she (or his or her beneficiary, in the case of death) will generally not be entitled to receive a Performance Award for such Performance Period unless the Compensation Committee, in its sole and absolute discretion, elects to pay a

Performance Award to such participant. In the event of the death of a participant, any payments due to such participant will continue to be paid to his or her beneficiary or, failing such designation, to his or her estate.

The Board, or a committee designated by the Board, may, at any time, terminate or, from time to time, amend, modify or suspend the 2005 Annual Incentive Plan and the terms and provisions of any Performance Award theretofore awarded to any participant which has not been settled (either by payment or deferral). No Performance Award may be granted during any suspension of the Plan or after its termination. Any such amendment may be made without shareholder approval.

The 2005 Annual Incentive Plan will constitute an unfunded plan for incentive and deferred compensation. Under the terms of the plan, a participant has only rights which are no greater than those of a general creditor of Clear Channel. The 2005 Annual Incentive Plan permits the Compensation Committee to authorize the creation of trusts and deposit therein cash, shares of stock or other property or make other arrangements, to meet Clear Channel s obligations under the 2005 Annual Incentive Plan.

The 2005 Annual Incentive Plan became effective on January 1, 2005, subject to the approval of the shareholders at the annual meeting.

The affirmative vote of the holders of a majority of Clear Channel s outstanding common stock present or represented by proxy who are entitled to vote at the annual meeting is required to approve the proposal for the 2005 Annual Incentive Plan. Unless indicated to the contrary, the enclosed proxy will be voted for the proposal.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ANNUAL INCENTIVE PLAN.

The amounts payable under the 2005 Annual Incentive Plan for 2005 which may be received by each of (a) the executive officers of Clear Channel named in the Summary Compensation Table above; (b) the executive officers of Clear Channel as a group; (c) the directors of Clear Channel who are not executive officers as a group; and (d) Clear Channel employees who are not executive officers as a group is not currently determinable.

AUDIT COMMITTEE REPORT

The following Report of the Audit Committee concerns the Committee s activities regarding oversight of Clear Channel s financial reporting and auditing process and does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Clear Channel specifically incorporates this Report by reference therein.

The Audit Committee is comprised solely of independent directors and it operates under a written charter adopted by the Board of Directors. The charter reflects standards set forth in SEC regulations and NYSE rules. The composition of the Audit Committee, the attributes of its members and the responsibilities of the Committee, as reflected in its charter, are intended to be in accordance with applicable requirements for corporate audit committees. The Committee reviews and assesses the adequacy of its charter on an annual basis. The full text of the Audit Committee s charter can be found on Clear Channel s Internet website at *www.clearchannel.com.* A copy may also be obtained upon request from the Secretary of Clear Channel.

As set forth in more detail in the charter, the Audit Committee s purpose is to assist the Board of Directors in its general oversight of Clear Channel s financial reporting, internal control and audit functions. Management is responsible for the preparation, presentation and integrity of Clear Channel s financial statements, accounting and financial reporting principles and internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. Ernst & Young LLP, Clear Channel s independent auditing firm, is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States, as well as expressing an opinion on (i) management s assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting..

The Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent auditor, nor can the Committee certify that the independent auditor is independent under applicable rules. The Committee serves a board-level oversight role, in which it provides advice, counsel and direction to management and the auditors on the basis of the information it receives, discussions with management and the auditors and the experience of the Committee s members in business, financial and accounting matters.

Among other matters, the Audit Committee monitors the activities and performance of Clear Channel s internal and external auditors, including the audit scope, external audit fees, auditor independence matters and the extent to which the independent auditor may be retained to perform non-audit services. The Audit Committee has ultimate authority and responsibility to select, evaluate and, when appropriate, replace Clear Channel s independent auditor. The Audit Committee also reviews the results of the internal and external audit work with regard to the adequacy and appropriateness of Clear Channel s financial, accounting and internal controls. Management and independent auditor presentations to and discussions with the Audit Committee also cover various topics and events that may have significant financial impact or are the subject of discussions between management and the independent auditor. In addition, the Audit Committee generally oversees Clear Channel s internal compliance programs.

The Committee has implemented procedures to ensure that during the course of each fiscal year it devotes the attention that it deems necessary or appropriate to each of the matters assigned to it under the Committee s charter. To carry out its responsibilities, the Committee met eight times during the year ended December 31, 2004. The Audit Committee also meets privately with the internal and external auditors as well as management immediately following four of these meetings.

During the course of 2004, management completed the documentation, testing and evaluation of Clear Channel s internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and Ernst & Young LLP at each regularly scheduled Audit Committee meeting. At the conclusion of the process, management provided the Audit Committee with a report on the effectiveness of Clear Channel s internal control over financial reporting. The Audit Committee also reviewed the report of management contained in Clear Channel s Annual Report on Form 10-K for the year ended December 31, 2004 filed with the SEC, as well as Ernst & Young LLP s Report of Independent Registered Public Accounting Firm included in Clear Channel s Annual Report on Form 10-K related to its audit of (i) the consolidated financial statements and financial statement schedule, (ii) management s assessment of the effectiveness of internal control over financial reporting, and (iii) the effectiveness of internal control over financial reporting.

In overseeing the preparation of Clear Channel s financial statements, the Committee met with both management and Clear Channel s outside auditors to review and discuss all financial statements prior to their issuance and to discuss significant accounting issues. Management advised the Committee that all financial statements were prepared in accordance with generally accepted accounting principles. The Committee s review included discussion with the outside auditors of matters required to be discussed pursuant to Statement on Auditing Standards No. 61 (Communication With Audit Committees).

With respect to Clear Channel s outside auditors, the Committee, among other things, discussed with Ernst & Young LLP matters relating to its independence, including its letter and the written disclosures made to the Committee as required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit

Committees).

Finally, the Committee continued to monitor the scope and adequacy of Clear Channel s internal auditing program, including proposals for adequate staffing and to strengthen internal procedures and controls where appropriate.

On the basis of these reviews and discussions, the Committee recommended to the Board of Directors that the Board approve the inclusion of Clear Channel s audited financial statements in Clear Channel s Annual Report on Form 10-K for the year ended December 31, 2004, for filing with the Securities and Exchange Commission.

Respectfully submitted,

THE AUDIT COMMITTEE
Perry Lewis Chairman,
Phyllis B. Riggins, Theodore Strauss
and John Williams

AUDITOR FEES

Ernst & Young LLP billed Clear Channel the following fees for services provided during the years ended December 31, 2004 and 2003:

(In thousands)	Fees Paid During Year Ended December 31,	
	2004	2003
Annual audit fees (1)	$ 8,260 (5)	$ 5,125
Audit-related fees (2)	138	314
Tax fees (3)	2,182	1,712
All other fees (4)		24
Total fees for services	$ 10,580	$ 7,175

(1) Annual audit fees are for professional services rendered for the audit of our annual financial statements and reviews of quarterly financial statements. This category also includes fees for statutory audits required domestically and internationally, comfort letters, consents, assistance with and review of documents filed with the SEC, attest services, work done by tax professionals in connection with the audit or quarterly reviews, and accounting consultations and research work necessary to comply with generally accepted auditing standards.

(2) Audit-related fees are for due diligence related to mergers and acquisitions, internal control reviews and attest services not required by statute or regulation.

(3) Tax fees are for professional services rendered for tax compliance, tax advice and tax planning, except those provided in connection with the audit or quarterly reviews and include fees of $140,000 in 2004 and $200,000 in 2003 related to engagements for which fees were based in part on findings. Both engagements were completed in 2003 and fees were paid prior to May 21, 2004. Of the $2.2 million and the $1.7 million tax fees for 2004 and 2003, respectively, $.2 million and $.2 million were related to tax compliance services.

(4) All other fees are the fees for products and services other than those in the above three categories. This category includes, among other things, permitted corporate finance assistance, and certain advisory services such as internal audit assistance and legal services permitted by SEC rules during the applicable period.

(5) Current year s annual audit fees include $2.7 million related to audit services required to comply with Sarbanes-Oxley Section 404.

Clear Channel s Audit Committee has considered whether Ernst & Young LLP s provision of non-audit services to Clear Channel is compatible with maintaining Ernst & Young LLP s independence.

The Audit Committee pre-approves all audit and permitted non-audit services (including the fees and terms thereof) to be performed for Clear Channel by its independent auditor. The chairperson of the Audit Committee may represent the entire committee for the purposes of pre-approving permissible non-audit services, provided that the decision to pre-approve any service is disclosed to the Audit Committee no later than its next scheduled meeting.

PROPOSAL 3: SELECTION OF INDEPENDENT AUDITORS

Subject to ratification by the shareholders, the Audit Committee has reappointed Ernst & Young LLP as independent auditors to audit the financial statements of Clear Channel for the year ending December 31, 2005.

Representatives of the firm of Ernst & Young LLP are expected to be present at the annual meeting of shareholders and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions. The Audit committee may terminate the appointment of Ernst & Young as independent auditors without shareholder approval whenever the Audit Committee deems termination necessary or appropriate.

The affirmative vote of the holders of a majority of Clear Channel s outstanding common stock present or represented by proxy who are entitled to vote at the annual meeting is required to approve the proposal for the selection of independent auditors. Unless indicated to the contrary, the enclosed proxy will be voted for the proposal.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF ERNST & YOUNG LLP AS INDEPENDENT AUDITORS FOR THE YEAR ENDING DECEMBER 31, 2005.

OTHER MATTERS

The Board knows of no other business to be brought before the annual meeting. If any other matters properly come before the annual meeting, the proxies will be voted on such matters in accordance with the judgment of the persons named as proxies therein, or their substitutes, present and acting at the meeting.

SHAREHOLDER PROPOSALS FOR THE 2006 ANNUAL MEETING

Shareholders interested in submitting a proposal for inclusion in the proxy materials for the annual meeting of shareholders in 2006 may do so by following the procedures prescribed in SEC Rule l4a-8. To be eligible for inclusion, shareholder proposals must be received by the secretary of Clear Channel no later than November 28, 2005. Proposals should be sent to Corporate Secretary, Clear Channel Communications, Inc., P.O. Box 659512, San Antonio, Texas 78265-9512.

ADVANCE NOTICE PROCEDURES

Under our bylaws, shareholders may not present a proposal for consideration at any shareholders meeting unless such shareholder submits such proposal in writing to the secretary of Clear Channel not less than 90 days prior to the meeting. These requirements are separate from and in addition to the SEC s requirements that a shareholder must meet in order to have a shareholder proposal included in Clear Channel s proxy statement.

NYSE MATTERS

Clear Channel filed the CEO and CFO certifications required under Section 302 of the Sarbanes-Oxley Act with the SEC as exhibits to its most recently filed Form 10-K. Clear Channel also submitted a Section 12(a) CEO Certification to the NYSE last year.

GENERAL

Neither Clear Channel management nor the Board knows of any matter to be acted upon at the Clear Channel shareholder meeting other than the matters described above. If any other matter properly comes before the Clear Channel shareholder meeting, however, the proxy holders will vote thereon in accordance with their best judgment.

The cost of soliciting proxies will be borne by Clear Channel. Following the original mailing of the proxy soliciting material, regular employees of Clear Channel may solicit proxies by mail, telephone, facsimile, e-mail and personal interview. Clear Channel has also retained Georgeson Shareholder Communications Inc. to aid in the solicitation of proxies, at an estimated cost of $8,500 plus reimbursement of reasonable out-of pocket expenses. Proxy cards and materials will also be distributed to beneficial owners of stock, through brokers, custodians, nominees and other like parties. Clear Channel expects to reimburse such parties for their charges and expenses connected therewith.

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements with respect to two or more shareholders sharing the same address by delivering a single proxy statement addressed to those shareholders. This process, which is commonly referred to as householding, potentially provides extra convenience for shareholders and cost savings for companies. Clear Channel and some brokers household proxy materials, delivering a single proxy statement to multiple shareholders sharing an address unless contrary instructions have been received from the affected shareholders. Once you have received notice from your broker or us that they or we will be householding materials to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker if your shares are held in a brokerage account or us if you hold registered shares. You can notify us by sending a written request to Clear Channel Communications, Inc., Shareholder Relations, P.O. Box 659512, San Antonio, Texas 78265-9512.

An electronic copy of Clear Channel s Annual Report on Form 10-K filed with the SEC on March 15, 2004, is available free of charge at Clear Channel s Internet website at *www.clearchannel.com.* A paper copy of the Form 10-K is also available without charge to shareholders upon written request to Clear Channel Communications, Inc., P.O. Box 659512, San Antonio, Texas 78265-9512.

This document is dated March 14, 2005 and is first being mailed to shareholders on or about March 28, 2005.

Randall T. Mays
Secretary

APPENDIX A

CLEAR CHANNEL COMMUNICATIONS, INC.

2005 ANNUAL INCENTIVE PLAN

1. Purposes. The purposes of this 2005 Annual Incentive Plan are to provide an incentive to executive officers and other selected key executives of Clear Channel to contribute to the growth, profitability and increased shareholder value of Clear Channel, to retain such executives and endeavor to qualify the compensation paid under the Plan for tax deductibility under Section 162(m) of the Code.

2. Definitions. For purposes of the Plan, the following terms shall be defined as set forth below:

(a) Board shall mean Clear Channel s Board of Directors.

(b) Code shall mean the Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions thereto.

(c) Committee shall mean a committee composed of at least two members of the Board who qualify as outside directors within the meaning of Section 162(m) of the Code.

(d) Clear Channel or Company shall mean Clear Channel Communications, Inc. and any entity that succeeds to all or substantially all of its business.

(e) Effective Date shall mean January 1, 2005.

(f) Eligible Employee shall mean each executive officer of Clear Channel, including those employed by subsidiaries, and other key executives of Clear Channel and its subsidiaries selected by the Committee.

(g) GAAP shall mean U.S. Generally Accepted Accounting Principles.

(h) Participant shall mean an Eligible Employee designated by the Committee to participate in the Plan for a designated Performance Period.

(i) Performance Award shall mean the right of a Participant to receive cash or other property following the completion of a Performance Period based upon performance in respect of one or more of the Performance Goals during such Performance Period, as specified in Section 5.

(j) Performance Goals shall mean or may be expressed in terms of any of the following business criteria: revenue growth, earnings before interest, taxes, depreciation and amortization (EBITDA), EBITDA growth, operating income before depreciation and amortization and non-cash compensation expense (OIBDAN), OIBDAN growth, funds from operations, funds from operations per share and per share growth, cash available for distribution, cash available for distribution per share and per share growth, operating income and operating income growth, net earnings, earnings per share and per share growth, return on equity, return on assets, share price performance on an absolute basis and relative to an index, improvements in Clear Channel s attainment of expense levels, implementing or completion of critical projects, or improvement in cash-flow (before or after tax). A Performance Goal may be measured over a Performance Period on a periodic, annual, cumulative or average basis and may be established on a corporate-wide basis or established with respect to one or more operating units, divisions, subsidiaries, acquired businesses, minority investments, partnerships or joint ventures. Unless otherwise determined by the Committee by no later than the earlier of the date that is ninety (90) days after the commencement of the Performance Period or the day prior to the date on which twenty-five percent (25%) of the Performance Period has elapsed, the Performance Goals will be determined by not accounting for a change in GAAP during a Performance Period.

(k) Performance Objective shall mean the level or levels of performance required to be attained with respect to specified Performance Goals in order that a Participant shall become entitled to specified rights in connection with a Performance Award.

(l) Performance Period shall mean the calendar year, or such other shorter or longer period designated by the Committee, during which performance will be measured in order to determine a Participant s entitlement to receive payment of a Performance Award.

(m) Plan shall mean this Clear Channel Communications, Inc. 2005 Annual Incentive Plan, as amended from time to time.

3. Administration.

(a) Authority. The Plan shall be administered by the Committee. The Committee is authorized, subject to the provisions of the Plan, in its sole discretion, from time to time to: (i) select Participants; (ii) grant Performance Awards under the Plan; (iii) determine the type, terms and conditions of, and all other matters relating to, Performance Awards; (iv) prescribe Performance Award agreements (which need not be identical); (v) establish, modify or rescind such rules and regulations as it deems necessary for the proper administration of the Plan; and (vi) make such determinations and interpretations and to take such steps in connection with the Plan or the Performance Awards granted thereunder as it deems necessary or advisable. All such actions by the Committee under the Plan or with respect to the Performance Awards granted thereunder shall be final and binding on all persons.

(b) Manner of Exercise of Committee Authority. The Committee may delegate its responsibility with respect to the administration of the Plan to one or more officers of Clear Channel, to one or more members of the Committee or to one or more members of the Board; provided, however, that the Committee may not delegate its responsibility (i) to make Performance Awards to executive officers of Clear Channel; (ii) to make Performance Awards which are intended to constitute qualified performance-based compensation under Section 162(m) of the Code; or (iii) to certify the satisfaction of Performance Objectives pursuant to Section 5(e) in accordance with Section 162(m) of the Code. The Committee may also appoint agents to assist in the day-to-day administration of the Plan and may delegate the authority to execute documents under the Plan to one or more members of the Committee or to one or more officers of the Company.

(c) Limitation of Liability. The Committee and each member thereof shall be entitled to, in good faith, rely or act upon any report or other information furnished to him or her by any officer or employee of Clear Channel, Clear Channel s independent certified public accountants, consultants or any other agent assisting in the administration of the Plan. Members of the Committee and any officer or employee of Clear Channel acting at the direction or on behalf of the Committee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by Clear Channel with respect to any such action or determination.

4. Types of Awards. Subject to the provisions of the Plan, the Committee has the discretion to grant to Participants Performance Awards described in Section 5 in respect of any Performance Period.

5. Performance Awards.

(a) Form of Award. The Committee is authorized to grant Performance Awards pursuant to this Section 5. A Performance Award shall represent the conditional right of the Participant to receive cash or other property based upon achievement of one or more pre-established Performance Objectives during a Performance Period, subject to the terms of this Section 5 and the other applicable terms of the Plan. Performance Awards shall be subject to such conditions, including deferral of settlement, risks of forfeiture, restrictions on transferability and other terms and conditions as shall be specified by the Committee.

(b) Performance Objectives. The Committee shall establish the Performance Objective for each Performance Award, consisting of one or more business criteria permitted as Performance Goals hereunder and one or more levels of performance with respect to each such criteria. In addition, the Committee shall establish the amount or amounts payable or other rights that the Participant will be entitled to as a Performance Award upon achievement of such levels of performance. The Performance Objective shall be established by the Committee prior to, or reasonably promptly following the inception of, a Performance Period but, to the extent required by Section 162(m) of the Code, by no later than the earlier of the date that is ninety (90) days after the commencement of the Performance Period or the day prior to the date on which twenty-five percent (25%) of the Performance Period has elapsed.

(c) Additional Provisions Applicable to Performance Awards. More than one Performance Goal may be incorporated in a Performance Objective, in which case achievement with respect to each Performance Goal may be assessed individually or in combination with each other. The Committee may, in connection with the establishment of Performance Objectives for a Performance Period, establish a matrix setting forth the relationship between performance on two or more Performance Goals and the amount of the Performance Award payable for that Performance Period. The level or levels of performance specified with respect to a Performance Goal may be established in absolute terms, as objectives relative to performance in prior periods, as an objective compared to the performance of one or more comparable companies or an index covering multiple companies, or otherwise as the Committee may determine. Performance Objectives shall be objective and shall otherwise meet the requirements of Section 162(m) of the Code. Performance Objectives may differ for Performance Awards granted to any one Participant or to different Participants.

(d) Duration of the Performance Period. The Committee shall establish the duration of each Performance Period at the time that it sets the Performance Objectives applicable to that Performance Period. The Committee shall be authorized to permit overlapping or consecutive Performance Periods.

(e) Certification. Following the completion of each Performance Period, the Committee shall certify in writing, in accordance with the requirements of Section 162(m) of the Code, whether the Performance Objective and other material terms for paying amounts in respect of each Performance Award related to that Performance Period have been achieved or met. Unless the Committee determines otherwise, Performance Awards shall not be settled until the Committee has made the certification specified under this Section 5(e).

(f) Adjustment. The Committee is authorized at any time during or after a Performance Period to reduce or eliminate the Performance Award of any Participant for any reason, including, without limitation, changes in the position or duties of any Participant with Clear Channel during or after a Performance Period, whether due to any termination of employment (including death, disability, retirement, voluntary termination or termination with or without cause) or otherwise. In addition, to the extent necessary to preserve the intended economic effects of the Plan to Clear Channel and the Participants, the Committee shall adjust Performance Objectives, the Performance Awards or both to take into account: (i) a change in corporate capitalization, (ii) a corporate transaction, such as any merger of Clear Channel or any subsidiary into another corporation, any consolidation of Clear Channel or any subsidiary into another corporation, any separation of Clear Channel or any subsidiary (including a spin-off or the distribution of stock or property of Clear Channel or any subsidiary), any reorganization of Clear Channel or any subsidiary or a large, special and non-recurring dividend paid or distributed by Clear Channel (whether or not such reorganization comes within the definition of Section 368 of the Code), (iii) any partial or complete liquidation of Clear Channel or any subsidiary or (iv) a change in accounting or other relevant rules or regulations (any adjustment pursuant to this Clause (iv) shall be subject to the timing requirements of the last sentence of Section 2(j) of the Plan); provided, however, that no adjustment hereunder shall be authorized or made if and to the extent that the Committee determines that such authority or the making of such adjustment would cause the Performance Awards to fail to qualify as qualified performance-based compensation under Section 162(m) of the Code.

(g) Timing of Payment. Except as provided below, any cash amounts payable in respect of Performance Awards for a Performance Period will generally be paid as soon as practicable following the determination in respect thereof made pursuant to Section 5(e), and any non-cash amounts or any other rights that the Participant is entitled to with respect to a Performance Award for a Performance Period will be paid in accordance with the terms of the Performance Award.

(h) Deferral of Payments. Subject to such terms, conditions and administrative guidelines as the Committee shall specify from time to time, a Participant shall have the right to elect to defer receipt of part or all of any payment due with respect to a Performance Award.

(i) Maximum Amount Payable Per Participant Under This Section 5. With respect to Performance Awards to be settled in cash or property, a Participant shall not be granted Performance Awards for all of the Performance Periods commencing in a calendar year that permit the Participant in the aggregate to earn a cash payment or payment in other property, in excess of $15,000,000.

6. General Provisions.

(a) Termination of Employment. In the event a Participant terminates employment for any reason during a Performance Period or prior to the Performance Award payment, he or she (or his or her beneficiary, in the case of death) shall not be entitled to receive any Performance Award for such Performance Period unless the Committee, in its sole and absolute discretion, elects to pay a Performance Award to such Participant.

(b) Death of the Participant. Subject to Section 6(a), in the event of the death of a Participant, any payments hereunder due to such Participant shall be paid to his or her beneficiary as designated in writing to the Committee or, failing such designation, to his or her estate. No beneficiary designation shall be effective unless it is in writing and received by the Committee prior to the date of death of the Participant.

(c) Taxes. Clear Channel is authorized to withhold from any Performance Award granted, any payment relating to a Performance Award under the Plan, or any payroll or other payment to a Participant, amounts of withholding and other taxes due in connection with any transaction involving a Performance Award, and to take such other action as the Committee may deem advisable to enable Clear Channel and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Performance Award. This authority shall include authority for Clear Channel to withhold or receive other property and to make cash payments in respect thereof in satisfaction of a Participant s tax obligations, either on a mandatory or elective basis in the discretion of the Committee.

(d) Limitations on Rights Conferred under Plan and Beneficiaries. Neither status as a Participant nor receipt or completion of a deferral election form shall be construed as a commitment that any Performance Award will become payable under the Plan. Nothing contained in the Plan or in any documents related to the Plan or to any Award shall confer upon any Eligible Employee or Participant any right to continue as an Eligible Employee, Participant or in the employ of Clear Channel or constitute any contract or agreement of employment, or interfere in any way with the right of Clear Channel to reduce such person s compensation, to change the position held by such person or to terminate the employment of such Eligible Employee or Participant, with or without cause, but nothing contained in this Plan or any document related thereto shall affect any other contractual right of any Eligible Employee or Participant. No benefit payable under, or interest in, this Plan shall be transferable by a Participant except by will or the laws of descent and distribution or otherwise be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge.

(e) Changes to the Plan and Awards. Notwithstanding anything herein to the contrary, the Board, or a committee designated by the Board, may, at any time, terminate or, from time to time, amend, modify or suspend the Plan and the terms and provisions of any Performance Award theretofore granted to any Participant which has not been settled (either by payment or deferral). No Performance Award may be granted during any suspension of the Plan or after its termination. Any such amendment may be made without stockholder approval.

(f) Unfunded Status of Awards; Creation of Trusts. The Plan is intended to constitute an unfunded plan for incentive and deferred compensation. With respect to any amounts payable to a Participant pursuant to a Performance Award, nothing contained in the Plan (or in any documents related thereto), nor the creation or adoption of the Plan, the grant of any Performance Award, or the taking of any other action pursuant to the Plan shall give any such Participant any rights that are greater than those of a general creditor of Clear Channel; provided that the Committee may authorize the creation of trusts and deposit therein cash or other property or make other arrangements, to meet

Clear Channel s obligations under the Plan. Such trusts or other arrangements shall be consistent with the unfunded status of the Plan unless the Committee otherwise determines with the consent of each affected Participant. The trustee of such trusts may be authorized to dispose of trust assets and reinvest the proceeds in alternative investments, subject to such terms and conditions as the Committee may specify in accordance with applicable law.

(g) Non-Exclusivity of the Plan. Neither the adoption of the Plan by the Board (or a committee designated by the Board) nor submission of the Plan or provisions thereof to the stockholders of Clear Channel for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem necessary.

(h) Governing Law. The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan, and any Performance Award shall be determined in accordance with the laws of the State of Texas, without giving effect to principles of conflicts of laws, and applicable Federal law.

(i) Exemption Under Section 162(m) of the Code. The Plan, and all Performance Awards issued thereunder, are intended to be exempt from the application of Section 162(m) of the Code, which restricts under certain circumstances the Federal income tax deduction for compensation paid by a public company to named executives in excess of $1 million per year. The Committee may, without stockholder approval, amend the Plan retroactively or prospectively to the extent it determines necessary in order to comply with any subsequent clarification of Section 162(m) of the Code required to preserve Clear Channel s Federal income tax deduction for compensation paid pursuant to the Plan.

(j) Effective Date. The Plan is effective on the Effective Date, subject to subsequent approval thereof by Clear Channel s stockholders at the first annual meeting of stockholders to occur after the Effective Date, and shall remain in effect until it has been terminated pursuant to Section 6(e). If the Plan is not approved by the stockholders at such annual meeting, the Plan and all interests in the Plan awarded to Participants before the date of such annual meeting shall be void ab initio and of no further force and effect. Unless Clear Channel determines to submit Section 5 of the Plan and the definition of Performance Goal to Clear Channel s stockholders at the first stockholder meeting that occurs in the fifth year following the year in which the Plan was last approved by stockholders (or any earlier meeting designated by the Board), in accordance with the requirements of Section 162(m) of the Code, and such stockholder approval is obtained, then no further Performance Awards shall be made under Section 5 after the date of such annual meeting, but the remainder of the Plan shall continue in effect until terminated in accordance with Section 6(e).

APPENDIX B

EXCERPTS FROM
CLEAR CHANNEL'S 2004 ANNUAL REPORT ON FORM 10-K

PART II

ITEM 5. Market for Registrant s Common Equity and Related Stockholder Matters

Our common stock trades on the New York Stock Exchange under the symbol CCU. There were 3,530 shareholders of record as of February 28, 2005. This figure does not include an estimate of the indeterminate number of beneficial holders whose shares may be held of record by brokerage firms and clearing agencies. The following table sets forth, for the calendar quarters indicated, the reported high and low sales prices of the common stock as reported on the NYSE.

	Common Stock Market Price		Dividends
	High	Low	Dividends Declared
2003			
First Quarter	$ 43.98	$ 31.00	$ .00
Second Quarter	43.85	33.35	.00
Third Quarter	46.18	36.36	.10
Fourth Quarter	47.48	38.50	.10
2004			
First Quarter	47.76	38.90	.10
Second Quarter	44.50	35.35	.10
Third Quarter	37.24	30.62	.125
Fourth Quarter	35.07	29.96	.125

Dividend Policy

Our Board of Directors declared a quarterly cash dividend of 12.5 cents per share at its February 2005 meetings. We expect to continue to declare and pay quarterly cash dividends in 2005. The terms of our current credit facilities do not prohibit us from paying cash dividends unless we are in default under our credit facilities either prior to or after giving effect to any proposed dividend. 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.

Purchases of Equity Securities by the Issuer and Affiliated Purchases

On March 30, 2004, and then again on July 21, 2004, we publicly announced that our Board of Directors authorized share repurchase programs each up to $1.0 billion effective immediately. The March 30, 2004 program was completed at August 2, 2004 upon the repurchase of $1.0 billion of our shares. The second share repurchase program will expire one year from the date of authorization, although prior to such time the program may be discontinued or suspended at any time. During the three months ended December 31, 2004, we repurchased the following shares:

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
October 1 through October 31	6,180,200	$ 30.9682	6,180,200	$ 380,507,475
November 1 through November 30	2,723,300	$ 34.3480	2,723,300	$ 286,967,671
December 1 through December 31	3,801,700	$ 33.7874	3,801,700	$ 158,517,960
Total	12,705,200		12,705,200	

On February 1, 2005, our Board of Directors approved another $1.0 billion share repurchase program. As of February 28, 2005, 58.8 million shares had been repurchased for an aggregate purchase price of $2.1 billion, including commission and fees, under all three share repurchase programs.

ITEM 6. Selected Financial Data

	For the Years ended December 31, (1)				
(In thousands, except per share data)	2004	2003	2002	2001	2000
Results of Operations Information:					
Revenue	$ 9,418,459	$ 8,930,899	$ 8,421,055	$ 7,970,003	$ 5,345,306
Operating Expenses:					
Divisional operating expenses	6,850,426	6,488,856	6,052,761	5,866,706	3,480,706
Non-cash compensation expense	4,620	5,018	5,436	17,077	16,032
Depreciation and amortization	693,958	671,338	620,766	2,562,480	1,401,063
Corporate expenses	195,025	174,154	176,370	187,434	142,627
Operating income (loss)	1,674,430	1,591,533	1,565,722	(663,694)	304,878
Interest expense	367,753	388,000	432,786	560,077	383,104
Gain (loss) on sale of assets related to mergers	¾	¾	3,991	(213,706)	783,743
Gain (loss) on marketable securities	46,271	678,846	(3,096)	25,820	(5,369)
Equity in earnings of nonconsolidated affiliates	25,191	22,026	26,928	10,393	25,155
Other income (expense) - net	(13,947)	20,959	57,430	152,267	(11,764)
Income (loss) before income taxes and cumulative effect of a change in accounting principle	1,364,192	1,925,364	1,218,189	(1,248,997)	713,539
Income tax benefit (expense)	(518,393)	(779,773)	(493,366)	104,971	(464,731)
Income (loss) before cumulative effect of a change in accounting principle	845,799	1,145,591	724,823	(1,144,026)	248,808
Cumulative effect of a change in accounting principle, net of tax of, $2,959,003 in 2004 and $4,324,446 in 2002	(4,883,968)		(16,778,526)		
Net income (loss)	$ (4,038,169)	$ 1,145,591	$ (16,053,703)	$ (1,144,026)	$ 248,808
Net income (loss) per common share					
Basic:					
Income (loss) before cumulative effect of a change in accounting principle	$ 1.42	$ 1.86	$ 1.20	$ (1.93)	$ 0.59
Cumulative effect of a change in accounting principle	(8.19)		(27.65)		
Net income (loss)	$ (6.77)	$ 1.86	$ (26.45)	$ (1.93)	$ 0.59
Diluted:					
Income (loss) before cumulative effect of a change in accounting principle	$ 1.41	$ 1.85	$ 1.18	$ (1.93)	$ 0.57
Cumulative effect of a change in accounting principle	(8.16)		(26.74)		

Net income (loss)	$	(6.75)	$	1.85	$	(25.56)	$	(1.93)	$	0.57
Cash dividends per share	$	.45	$	.20	$		$		$	

	As of December 31,				
(In thousands)	2004	2003	2002	2001	2000
Balance Sheet Data:					
Current assets	$ 2,269,922	$ 2,185,682	$ 2,123,495	$ 1,941,299	$ 2,343,217
Property, plant and equipment - net	4,124,274	4,260,915	4,242,812	3,956,749	4,255,234
Total assets	19,927,949	28,352,693	27,672,153	47,603,142	50,056,461
Current liabilities	2,184,552	1,892,719	3,010,639	2,959,857	2,128,550
Long-term debt, net of current maturities	6,962,560	6,921,348	7,382,090	7,967,713	10,597,082
Shareholders equity	9,488,078	15,553,939	14,210,092	29,736,063	30,347,173

(1) Acquisitions and dispositions significantly impact the comparability of the historical consolidated financial data reflected in this schedule of Selected Financial Data.

The Selected Financial Data should be read in conjunction with Management s Discussion and Analysis.

ITEM 7. Management s Discussion and Analysis of Results of Operations and Financial Condition

Executive Summary

Our financial results for 2004 were led by our outdoor advertising business. We saw strong local and national advertising demand for our domestic bulletin inventory across substantially all markets. Our international street furniture and transit businesses performed well as signs of an economic recovery materialized in some of our markets, such as the United Kingdom, Italy, Belgium and Australia. Our television business had a strong year as well, benefiting from advertising dollars generated by the Olympics and local and national elections.

Our radio business reported increases in revenue of 2% for 2004 as compared to 2003, with local advertising being stronger than national advertising. About 20% of our business is derived from national advertisers, many of which remained cautious with their radio advertising spending throughout the year. During the fourth quarter, we instituted an initiative to improve the value of radio for listeners and advertisers. The initiative included a reduction in commercial minutes by an average of 20% across our stations and transitioned to selling more 30-second advertisements instead of the traditional 60-second advertisements. We also expanded our commitment to the Spanish language format. We rolled out various Spanish language programming on nine stations in 2004 and expect to roll-out 15-20 more stations over the next 12-18 months. Internet initiatives and digital broadcasting are other areas of focus for our radio operations. During 2004, we committed to digital broadcasts of our radio signals and we expect to roll this out across our top 100 markets over the next three years.

Finally, it was a difficult year for our live entertainment business, as we saw a significant amount of concert cancellations and pressure from artist guarantees. We believe some of these cancellations were a result of the culmination of consumer discontent with escalating ticket prices. This, coupled with the increased costs associated with artist guarantees, compressed the overall profit margin of this segment.

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, which includes our national syndication business, Outdoor Advertising and Live Entertainment. Included in the other segment are television broadcasting, sports representation and our media representation business, Katz Media.

We manage our operating segments primarily on their operating income, which is the focus of our discussion of the results of operations of our operating segments. Corporate expenses, Interest expense, Gain (loss) on sale of marketable securities, Equity in earnings of nonconsolidated affiliates, Other income (expense) net, and Income tax benefit (expense) are managed on a total company basis and are, therefore, included only in our discussion of consolidated results.

Radio Broadcasting

Our local 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. Our advertising rates are principally based on how many people in a targeted audience are listening 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. We sell a certain number of radio advertising spots per hour to our advertisers. Radio advertising contracts are typically less than one year.

Beginning December 2004, in an effort to improve the listening experience for our audience and enhance the value of radio advertising, we began a new initiative called *Less is More*. Research showed that our listeners and advertisers were concerned about the amount of non-entertainment content on the radio. So, the *Less is More* initiative lowers the amount of commercial minutes played per hour by approximately 15% 20% across our stations. *Less is More* also limits the length of commercials in a spot break to approximately 4 minutes or less as well as reducing the amount of promotional interruption on all of our radio stations. The strategy is being implemented at the market level, based on the competition within each market, the format of the station and the time of day.

A key component of *Less is More* is encouraging advertisers to invest in shorter advertisements rather than the traditional 60 second spot. Based on our research, we believe that the effectiveness of a commercial is not related to its length. Because effectiveness is not tied to the length of the advertisement, on a cost per thousand listeners reached basis, we can provide our advertisers a more efficient investment with our new shorter commercials than with the traditional 60 second commercials.

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, our discussion of the results of operations of our radio broadcasting segment focuses on the macro level indicators that management monitors to assess our radio segment s financial condition and results of operations.

Management looks at our radio operations overall revenues as one of its main performance metrics. Management also looks at 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 our local radio stations sales staffs while national advertising is sold, for the most part, through our national representation firm.

Local and national advertising revenues are tracked separately, because these revenue streams have different sales forces, respond differently to changes in the economic environment, and because local advertising is the primary driver of our radio revenues.

Management also looks at radio revenue by market size, as defined by Arbitron. Typically, larger markets can reach bigger audiences with wider demographics than smaller markets. Over half of our radio revenue and divisional operating expenses comes from our 50 largest markets.

Additionally, management reviews our share of listeners in target demographics listening to the radio in an average quarter hour. This metric gauges how well our formats are attracting and keeping listeners.

A significant 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 and market share.

Outdoor Advertising

Our outdoor advertising revenues are generated from selling advertisements on our display faces, which include bulletins, posters and transit displays, as well as street furniture panels. Our advertising rates are based on a particular display s impressions in relation to the demographics of a particular market and its location within a market. Our outdoor advertising contracts are typically based on the number of months or weeks the advertisement is displayed.

To monitor the health of our outdoor business, management reviews average rates, average occupancy and inventory levels of each of our display faces by market. In addition, because a significant portion of our outdoor advertising is conducted in foreign markets, principally Europe, management looks at 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. Our outdoor advertising revenue and divisional operating expenses increased during 2004 as compared to 2003 by approximately $128.6 million and $107.3 million, respectively, as a result of fluctuations in foreign currency exchange rates.

Our significant outdoor expenses include production expenses, revenue sharing or minimum guarantees on our transit and street furniture contracts and site lease expenses, primarily for land under our advertising displays. Our site lease terms vary from monthly to yearly, can be for terms of 20 years or longer and typically provide for renewal options. Our street furniture contracts are usually won in a competitive bid and generally have terms of between 10 and 20 years.

Live Entertainment

We derive live entertainment revenues primarily from promoting or producing music and theatrical events. Revenues from these events are mainly from ticket sales, rental income, corporate sponsorships, concessions and merchandise. We typically receive either all the ticket sales or just a fixed fee for each event we host. We also generally receive fees representing a percentage of total concession sales from vendors and total merchandise sales from the performer or tour producer.

We generally receive higher music profits when an event is at a venue we own rather than a venue we rent. The higher music profits are due to our ability to share in a percentage of the revenues received from concession and merchandise sales as well as the opportunity to sell sponsorships for venue naming rights and signage.

To judge the health of our live entertainment business, management monitors the number of shows, average paid attendance, talent cost as a percent of revenue, sponsorship dollars and ticket revenues. In addition, because a significant portion of our live entertainment business is conducted in foreign markets, management looks at 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. Our live entertainment revenue and divisional operating expenses increased during 2004 as compared to 2003 by approximately $74.3 million and $68.1 million, respectively, as a result of fluctuations in foreign currency exchange rates.

The primary expense driver for live entertainment is talent cost. Talent cost is the amount we pay a musical artist or theatrical production to perform at an event. This is a negotiated amount primarily driven by what the artist or production requires to cover their direct costs and the value of their time. These fees are typically agreed to at a set minimum amount with the potential for additional profit sharing if the event exceeds set revenue targets.

Fiscal Year 2004 Compared to Fiscal Year 2003
Consolidated

	Years Ended December 31,		% Change
(In thousands)	2004	2003	2004 v. 2003
Revenue	$ 9,418,459	$ 8,930,899	5%
Operating expenses:			
Divisional operating expenses (excludes non-cash compensation expense of $930 and $1,609 in 2004 and 2003, respectively)	6,850,426	6,488,856	6%
Non-cash compensation expense	4,620	5,018	(8%)
Depreciation and amortization	693,958	671,338	3%
Corporate expenses (excludes non-cash compensation expense of $3,690 and $3,409 in 2004 and 2003, respectively)	195,025	174,154	12%
Operating income	1,674,430	1,591,533	5%
Interest expense	367,753	388,000	
Gain (loss) on marketable securities	46,271	678,846	
Equity in earnings of nonconsolidated affiliates	25,191	22,026	
Other income (expense) - net	(13,947)	20,959	
Income before income taxes	1,364,192	1,925,364	
Income tax (expense) benefit:			

Current	(334,174)	(246,681)
Deferred	(184,219)	(533,092)
Income before cumulative effect of a change in accounting principle	845,799	1,145,591
Cumulative effect of a change in accounting principle, net of tax of $2,959,003	(4,883,968)	
Net income (loss)	$ (4,038,169)	$ 1,145,591

Revenue

Our consolidated revenue grew $487.6 million during 2004 as compared to 2003 led by a $272.4 million increase in revenues from our outdoor advertising business. Domestic outdoor revenue growth occurred across the vast majority of our markets, with both poster and bulletin revenues up for the year. International outdoor revenue grew on higher street furniture sales, driven by an increase in average revenue per display for 2004 as compared to 2003. International outdoor revenues also benefited from $128.6 million in foreign exchange fluctuations. Our live entertainment business contributed $101.6 million to our revenue growth, primarily from sponsorships and ancillary revenues at our amphitheater events, as well as $74.3 million from foreign exchange fluctuations. Our radio business contributed $59.4 million to our revenue growth, primarily from our mid to small size markets (those markets outside our top 25), which benefited from higher local advertising revenues during 2004 as compared to 2003. The remainder of the growth in revenues during 2004 was primarily driven by our television business, which benefited from political and Olympic advertising.

Divisional Operating Expenses

Our consolidated divisional operating expenses grew $361.6 million during 2004 as compared to 2003. Our outdoor advertising business contributed $163.3 million to the increase, primarily from increased site lease expenses consistent with the segment s revenue growth, as well as $107.3 million from foreign exchange fluctuations. Live entertainment contributed $136.2 million to the increase, primarily on higher artist guarantees as well as $68.1 million from foreign exchange fluctuations. Radio s divisional operating expenses were up $32.4 million for 2004 compared to 2003 principally from increased programming expenses. The remainder of the increase for 2004 as compared to 2003 came from our television business primarily from increased commission and bonus expenses related to the increase in television revenue.

Depreciation and Amortization

Depreciation and amortization expense increased $22.6 million during 2004 as compared to 2003. The increase is attributable to approximately $3.0 million related to damage from the hurricanes that swept through Florida and the Gulf Coast during the third quarter of 2004 and approximately $18.8 million from fluctuations in foreign exchange rates that impacted our international outdoor business.

Corporate Expenses

Corporate expenses increased $20.9 million for 2004 as compared to 2003. The increase was primarily the result of additional outside professional services.

Interest Expense

Interest expense decreased $20.2 million during 2004 as compared to 2003. The decrease was primarily attributable to lower average debt outstanding during 2004. Our weighted average cost of debt was 5.52% and 5.05% at December 31, 2004 and 2003, respectively. Our debt balances at each balance sheet date in 2004 as compared to 2003 were:

(In millions)	2004	2003
March 31,	$ 6,285.1	$ 8,634.1
June 30,	6,676.6	7,973.9
September 30,	7,247.5	7,327.9

December 31,	7,379.8	7,065.0

Gain (Loss) on Marketable Securities

The gain on marketable securities for 2004 relates primarily to a $47.0 million gain recorded during the first quarter of 2004 on our remaining investment in the common stock of Univision Communications Inc., partially offset by the net changes in fair value of certain investment securities that are classified as trading and a related secured forward exchange contract associated with those securities.

The gain on marketable securities for 2003 relates primarily to our Hispanic Broadcasting Corporation investment. On September 22, 2003, Univision completed its acquisition of Hispanic in a stock-for-stock merger.

As a result, we received shares of Univision, which we recorded on our balance sheet at the date of the merger at their fair value. The exchange of our Hispanic investment, which was accounted for as an equity method investment, into our Univision investment, which was recorded as an available-for-sale cost investment, resulted in a $657.3 million pre-tax book gain. In addition, on September 23, 2003, we sold a portion of our Univision investment, which resulted in a pre-tax book loss of $6.4 million. Also during 2003, we recorded a $37.1 million gain related to the sale of a marketable security, a $2.5 million loss on a forward exchange contract and its underlying investment, and an impairment charge on a radio technology investment for $7.0 million due to a decline in its market value that we considered to be other-than-temporary.

Other Income (Expense) - Net

The principal components of other income (expense) net for the years ended December 31, 2004 and 2003 were:

(In millions)	2004	2003
Gain (loss) on early extinguishment of debt	$ (31.6)	$ 36.7
Gain (loss) on sale of operating and fixed assets	22.2	10.0
Transitional asset retirement obligation	-	(7.0)
Other, net	(4.5)	(18.7)
Other income (expense) - net	$ (13.9)	$ 21.0

Income Taxes

Current tax expense in 2004 increased $87.5 million as compared to 2003. Current tax expense for the year ended December 31, 2004 increased $199.4 million related to our sale of our remaining investment in Univision and certain radio operating assets. This expense was partially offset by an approximate $67.5 million benefit related to a tax loss on our early extinguishment of debt and $34.1 million related to the reversal of accruals associated with tax contingencies. Current tax expense for the year ended December 31, 2003 includes $119.7 million primarily related to the sale of a portion of our Univision investment.

Deferred tax expense decreased $348.9 million in 2004 as compared to 2003. Deferred tax expense for the year ended December 31, 2004 includes a $176.0 million deferred tax benefit related to our sale of our remaining investment in Univision. This benefit was partially offset by an approximate $54.3 million expense related to our early extinguishment of debt. Deferred tax expense for the year ended December 31, 2003 includes $158.0 million related to our conversion of our investment in Hispanic to Univision.

The effective tax rate for 2004 is 38.0% as compared to 40.5% for 2003. We expect an effective tax rate of 39.5% in 2005.

Cumulative Effect of a Change in Accounting Principle

The SEC staff issued Staff Announcement No. D-108, *Use of the Residual Method to Value Acquired Assets Other Than Goodwill*, at the September 2004 meeting of the Emerging Issues Task Force. The Staff Announcement states that the residual method should no longer be used to value intangible assets other than goodwill. Rather, a direct method should be used to determine the fair value of all intangible assets other than goodwill required to be recognized under Statement of Financial Accounting Standards No. 141, *Business Combinations*. Registrants who have applied a method other than a direct method to the valuation of intangible assets other than goodwill for purposes of impairment testing under Statement of Financial Accounting Standards No 142, *Goodwill and Other Intangible Assets*, shall perform an impairment test using a direct value method on all intangible assets other than goodwill that were previously valued using another method by no later than the beginning of their first fiscal year beginning after December 15, 2004.

Our adoption of the Staff Announcement in the fourth quarter of 2004 resulted in an aggregate carrying value of our FCC licenses and outdoor permits that was in excess of their fair value. The Staff Announcement requires us to report the excess value of $4.9 billion, net of tax, as a cumulative effect of a change in accounting principle.

Radio Broadcasting Results of Operations

Our radio broadcasting operating results were as follows:

	Years Ended December 31,		% Change 2004 v.
(In thousands)	2004	2003	2003
Revenue	$ 3,754,381	$ 3,695,020	2%
Divisional operating expenses	2,162,488	2,130,054	2%
Non-cash compensation	930	1,609	(42%)
Depreciation and amortization	159,082	154,121	3%
Operating income	$ 1,431,881	$ 1,409,236	2%

Our radio broadcasting revenues increased 2% during 2004 as compared to 2003, led by our small to mid-size markets (those outside the top 25), which outpaced our overall radio growth. These markets rely more heavily on local advertising, which was up for the year. Our national syndication business also outpaced our overall radio growth through demand for advertising on existing programs and the addition of two new shows, *Delilah* and *Trumped*. Growth in revenues from local and national advertisements broadcast during our traffic updates as well as non-spot advertising revenues was positive for the year. Consistent with the radio industry, our national advertising revenues struggled throughout the year and finished below amounts recognized in 2003. Some national advertising categories such as finance, professional services and political increased spending during 2004, but declines in our three largest national advertising categories of retail, automotive and telecom/utility weighed on the overall results. Although national advertising declined in 2004 as compared to 2003, we began to see growth in national advertising during the fourth quarter of 2004, buoyed by political advertising, as well as strength in consumer products, professional services and automotive advertisements.

Our divisional operating expenses grew $32.4 million during 2004 as compared to 2003, principally from programming expenses related to higher on-air talent salaries and discretionary spending on marketing and promoting our radio stations.

Outdoor Advertising Results of Operations

Our outdoor advertising operating results were as follows:

	Years Ended December 31,		% Change 2004 v.
(In thousands)	2004	2003	2003
Revenue	$ 2,447,040	$ 2,174,597	13%
Divisional operating expenses	1,757,024	1,593,736	10%
Depreciation and amortization	388,217	379,640	2%
Operating income	$ 301,799	$ 201,221	50%

Our outdoor advertising business had a strong year, with revenues up 13% over 2003. The increase includes $128.6 million in foreign exchange fluctuations over 2003. Domestic revenue growth occurred across our inventory, with bulletins and posters leading the way. Increased rates drove the growth in bulletin revenues, partially offset by a decrease in occupancy. We also grew rates on our poster inventory in 2004, with occupancy flat compared to 2003. Revenue growth occurred across the nation, fueled by growth in Los Angeles, New York, Miami, San Antonio, Seattle and Cleveland. The domestic advertising categories leading revenue growth remained consistent throughout the year, the largest being entertainment. Business and consumer services was also a strong category and was led by advertising spending from banking and telecommunications customers. The automotive advertising category was up driven by national, regional and local auto dealer advertisements.

Street furniture sales in the United Kingdom, Belgium, Australia/New Zealand and Denmark were the leading contributors to our international revenue growth. We saw strong demand for our street furniture inventory, enabling us to realize an increase in the average revenue per display. Our international billboard revenues increased slightly as a result of an increase in average revenue per display. Also contributing to the increase was $10.4 million related to the consolidation of our outdoor advertising joint venture in Australia during the second quarter of 2003, which we had previously accounted for as an equity method investment. Tempering our 2004 results were a difficult competitive environment for billboard sales in the United Kingdom and tough market conditions for all of our products in France.

Divisional operating expenses increased $163.3 million during 2004 as compared to 2003. After an increase of $107.3 million due to foreign exchange fluctuations, the majority of the remaining increase is tied to higher site lease expense and higher commission expenses in 2004, consistent with the growth in revenue. We also recorded a $4.1 million restructuring charge in Spain during the fourth quarter of 2004. Additionally, $8.8 million of the increase in divisional operating expenses related to the consolidation of our outdoor advertising joint venture in Australia, which was previously accounted for under the equity method.

Live Entertainment Results of Operations

Our live entertainment operating results were as follows:

	Years Ended December 31,		% Change 2004 v.
(In thousands)	2004	2003	2003
Revenue	$ 2,748,598	$ 2,646,959	4%
Divisional operating expenses	2,592,074	2,455,897	6%
Depreciation and amortization	61,527	60,830	1%
Operating income	$ 94,997	$ 130,232	(27%)

Our live entertainment revenues grew $101.6 million during 2004 as compared to 2003. While show cancellations drove down the overall number of amphitheater events in 2004, we saw an increase in sponsorships at these events, along with increased tour fees from outside promoters which contributed to our revenue growth. We also saw revenue increases in Europe driven by increased tour fees from outside promoters, as well as $74.3 million from foreign exchange fluctuations. Revenue from ticket sales was essentially unchanged during 2004 as compared to 2003.

Divisional operating expenses increased $136.2 million during 2004 as compared to 2003. Driving the increase was talent costs, primarily from higher artist guarantees and production costs. Also included in the increase is $68.1 million from foreign exchange fluctuations.

Reconciliation of Segment Operating Income (Loss)

	Years Ended December 31,	
(In thousands)	2004	2003
Radio Broadcasting	$ 1,431,881	$ 1,409,236
Outdoor Advertising	301,799	201,221
Live Entertainment	94,997	130,232
Other	65,176	51,131
Corporate	(219,423)	(200,287)
Consolidated Operating Income	$ 1,674,430	$ 1,591,533

Fiscal Year 2003 Compared to Fiscal Year 2002
Consolidated