

CLEAR CHANNEL COMMUNICATIONS INC

Form DEF 14A

April 30, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant    
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- 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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2) Form, Schedule or Registration Statement No.:

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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 May 22, 2007

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 Airport Doubletree Hotel, 37 NE Loop 410, San Antonio, Texas 78216, on May 22, 2007, at 8:00 a.m. local time, for the following purposes:

1. to elect 11 directors to serve for the coming year;
2. to ratify the selection of Ernst & Young LLP as independent auditors for the year ending December 31, 2007;
3. to consider four shareholder proposals, if presented at the meeting; 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 April 2, 2007 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 and are required for admission to the meeting. Please contact Clear Channel's Secretary at Clear Channel's corporate headquarters if you need additional tickets. If you plan to attend the annual meeting, please note that space limitations make it necessary to limit attendance to shareholders and one guest. Admission to the annual meeting will be on a first-come, first-served basis. Registration and seating will begin at 7:30 a.m. Each shareholder may be asked to present valid picture identification, such as a driver's license or passport. Shareholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the annual meeting. The annual meeting will begin promptly at 8:00 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

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

San Antonio, Texas  
April 30, 2007

**2007 ANNUAL MEETING OF SHAREHOLDERS NOTICE OF ANNUAL MEETING  
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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, May 22, 2007, beginning at 8:00 a.m., at the Airport Doubletree Hotel, 37 NE Loop 410, San Antonio, Texas, and at any postponements or adjournments thereof. This proxy statement is being mailed to shareholders on or about May 7, 2007.

**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 May 22, 2007. The Board is soliciting proxies to be used at the annual 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 executive officers, and certain other required information. Following this proxy statement are excerpts from Clear Channel's 2006 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 may be up to six proposals scheduled to be voted on at the annual meeting: the election of directors, the ratification of Ernst & Young LLP as Clear Channel's independent accountants for the year ending December 31, 2007, and, if presented, four shareholder proposals.

**Q: Which of my shares may I vote?**

A: All shares owned by you as of the close of business on April 2, 2007 (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 The Bank of New York on behalf of 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

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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 and 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 annual meeting. Shares held in street name may be voted in person by you at the annual meeting only if you obtain a signed proxy from the record holder giving you the right to vote the shares. **Your vote is important. Accordingly, you are urged to sign and return the accompanying proxy card whether or not you plan to attend the annual meeting.**

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

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**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.

Under New York Stock Exchange Rules, the proposals to elect directors and to ratify the selection of independent auditors are considered discretionary items. This means that brokerage firms may vote in their discretion on these matters on behalf of clients who have not furnished voting instructions at least 15 days before the date of the annual meeting. In contrast, the shareholder proposals are non-discretionary items. This means brokerage firms that have not received voting instructions from their clients on these proposals may not vote on them. These so-called broker non-votes will be included in the calculation of the number of votes considered to be present at the annual meeting for purposes of determining a quorum, but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the vote for the shareholder proposals.

**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 ratification of Ernst & Young LLP as Clear Channel's independent accountants for the year ending December 31, 2007, and AGAINST the four shareholder proposals.

**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 2007, which will be filed with the Securities and Exchange Commission (the SEC) by August 9, 2007.

**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 Chief Executive Officer, the President and Chief Financial Officer and other executive officers, by reviewing analyses and reports sent to them, and by participating in board and committee meetings.

**BOARD MEETINGS**

During 2006, the Board held thirteen meetings (four regular meetings and nine special 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, except that Mr. Watts attended all four regular meetings and four of the nine special meetings.

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**SHAREHOLDER MEETING ATTENDANCE**

Clear Channel encourages, but does not require, directors to attend the annual meetings of shareholders. All eleven members of the Board were in attendance at Clear Channel's 2006 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](http://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 March 2007. 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 Transactions With Related Persons 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.

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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, John H. Williams and John B. Zachry 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. While in its review the Board noted certain longtime business and personal relationships between certain of the members of the Board that are not required to be described under the heading Compensation Committee Interlocks And Insider Participation or under the heading Transactions With Related Persons found on page 37 of this document, it concluded that none of business or personal relationships impaired any of the above-named Board members independence.

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 Clear Channel, on behalf of any committee or subcommittee of the Board.

The directors serving as the chairperson of the Compensation Committee of the Board, the chairperson of the Audit Committee of the Board and the chairperson 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. Feld, the Chairman of the Nominated and Governance Committee, will begin his service as the Presiding Director on July 1, 2007.

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The Board has three standing committees: the Compensation Committee, the Nominating and Governance Committee and the Audit Committee. The Compensation Committee has established an Executive Performance Subcommittee. Each committee has a written charter which guides its operations. The written charters are all available on Clear Channel's Internet website at [www.clearchannel.com](http://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
Alan D. Feld			X*	
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
John B. Zachry	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 the compensation of directors of Clear Channel and its subsidiaries (except with respect to matters entrusted to the Executive Performance Subcommittee as described below and matters related to the compensation of the officers and directors of the Company's publicly traded subsidiary, Clear Channel Outdoor Holdings, Inc.). The Compensation Committee met 5 times during 2006. All members of the Compensation Committee are independent as defined by the listing standards of the NYSE and Clear Channel's independence standards.

The Compensation Committee has the ability, under its charter, to select and retain, at the expense of the Company, independent legal and financial counsel and other consultants necessary to assist the Compensation Committee as the Compensation Committee may deem appropriate, in its sole discretion. The Compensation Committee also has the authority to select and retain any compensation consultant to be used to survey the compensation practices in Clear Channel's industry and to provide advice so that Clear Channel can maintain its competitive ability to recruit and retain highly qualified personnel. The Compensation Committee has the sole authority to approve related fees and retention terms for any of its counsel and consultants. Hewitt Associates serves as the Compensation Committee's compensation consultant, and works directly for the Compensation Committee. Hewitt Associates does not perform any other services for Clear Channel.

The Compensation Committee's primary responsibilities, which are discussed in detail within its charter, are to: assist the Board in ensuring that a proper system of long-term and short-term compensation is in place to provide performance-oriented incentives to management, and that compensation plans are appropriate and competitive and properly reflect the objectives and performance of management and Clear Channel;

review and approve corporate goals and objectives relevant to the compensation of Clear Channel's Chief Executive Officer and to evaluate the CEO's performance in light of those goals and objectives, and to determine and approve the CEO's compensation level based on this evaluation; and

make recommendations to the Board with respect to non-CEO compensation, incentive-compensation plans and equity-based plans.

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The Compensation Committee has the authority to delegate its responsibilities to subcommittees of the Compensation Committee if the Compensation Committee determines such delegation would be in the best interest of Clear Channel.

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 2006.

**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 2006. All members of the Nominating and Governance Committee are independent as defined by the listing standards of the NYSE and Clear Channel's independence standards.

Our directors play 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 not less than 90 days nor more than 120 days prior to the first anniversary of the date on which Clear Channel first mailed its proxy materials for the preceding year's annual meeting of shareholders. Such a written recommendation must set forth (A) all information relating to the director candidate that is required to be disclosed in solicitations of proxies for election of directors in a contested election, or that is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, such as the director candidate's written consent to be named in the proxy statement as a nominee and to serve as a director if elected and (B) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the recommending shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert with them, on the one hand, and each proposed director candidate, and his or her respective affiliates and associates, or others acting in concert with them, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the shareholder making the recommendation and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the registrant for purposes of such rule and the nominee were a director or executive officer of such registrant. The requirements for a shareholder to provide the more detailed information in connection with a nomination of a director candidate described in the previous sentence were added to Article II Section 5 of Clear Channel's bylaws by the Board on July 25, 2006. Shareholders should direct such proposals to: Board of Directors, Presiding Director, P.O. Box 659512 San Antonio, Texas 75265-9512.

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**The Audit Committee**

The Audit Committee is responsible for reviewing Clear Channel's accounting practices and audit procedures. 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 2006. All members of the Audit Committee are independent as defined by the listing standards of the NYSE and Clear Channel's independence standards.

**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 11 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 majority of the votes cast at the annual meeting by the holders of the shares of Clear Channel common stock represented and entitled to be voted at the annual meeting. A majority of the votes cast means that the number of votes cast FOR a director nominee must exceed the number of votes cast AGAINST that director nominee. Abstentions shall not count as a vote cast in the election of a director nominee. 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, John H. Williams and John B. Zachry.

Alan D. Feld, age 70, 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 American Beacon Mutual Funds.

Perry J. Lewis, age 69, has been a senior managing director of Heartland Industrial Partners, a leveraged buyout firm, since February 2006 and from 2000 to 2001. From 2001 to February 2006, Mr. Lewis was an advisory director of CRT Capital Group LLC, an institutional securities research and brokerage firm, and was a founder and, from 1980 to 2001, partner Morgan, Lewis, Githens & Ahn, an investment banking and leveraged buyout firm. He has served as a director of Clear Channel since August 30, 2000. Mr. Lewis also serves as a director of Superior Essex, Inc.

L. Lowry Mays, age 71, 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 for the relevant five year period. Mr. Lowry Mays is a director of our publicly traded subsidiary, Clear Channel Outdoor Holdings, Inc. Mr. Lowry Mays is the father of Mark P. Mays and Randall T. Mays, who serve as the Chief Executive Officer, and the President and Chief Financial Officer of Clear Channel, respectively. Mr. Lowry Mays also serves as a director of Live Nation, Inc.

Mark P. Mays, age 43, was Clear Channel's President and Chief Operating Officer from February 1997 until his appointment as our President and Chief Executive Officer in October 2004. He relinquished his duties as President in February 2006. Mr. Mark Mays has served as a director since May 1998. Mr. Mark Mays is a director of our publicly traded subsidiary, Clear Channel Outdoor Holdings, Inc. Mr. Mark Mays is the son of L. Lowry

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Mays, Clear Channel's Chairman and the brother of Randall T. Mays, Clear Channel's President and Chief Financial Officer. Mr. Mark Mays also serves as a director of Live Nation, Inc.

Randall T. Mays, age 41, was appointed Executive Vice President and Chief Financial Officer of Clear Channel in February 1997 and was appointed Secretary in April 2003. He was appointed president in February 2006. He has served as a director since April 1999. Mr. Randall Mays is a director of our publicly traded subsidiary, Clear Channel Outdoor Holdings, Inc. Mr. Randall Mays is the son of L. Lowry Mays, Clear Channel's Chairman and the brother of Mark P. Mays, Clear Channel's Chief Executive Officer. Mr. Randall Mays also serves as a director of Live Nation, Inc.

B. J. McCombs, age 79, is a private investor. He has served as a director of Clear Channel for the relevant five year period.

Phyllis B. Riggins, age 54, 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 for the remainder of the relevant five year period. Ms. Riggins has served as a director of Clear Channel since December 2002.

Theodore H. Strauss, age 82, is the Chairman of the Advisory Board for the Dallas Region of the Texas State Bank, a position he has held since 2005. Prior thereto, he was a Senior Managing Director of Bear, Stearns & Co., Inc., an investment banking firm for the remainder of the relevant five year period. He has served as a director of Clear Channel since 1984.

J. C. Watts, Jr., age 49, 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 4<sup>th</sup> 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 73, 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.

John B. Zachry, age 45, has been the Chief Executive Officer of Zachry Construction Corp. since August 2004. Prior to August 2004 he served as President and Chief Operating Officer of Zachry Construction Corp. for the remainder of the relevant five year period. He has served as a director of Clear Channel since his appointment in December 2005.

**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](http://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.

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The table below sets forth information concerning the beneficial ownership of Clear Channel common stock and Clear Channel Outdoor Holdings, Inc. Class A common stock as of April 2, 2007, 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 April 2, 2007, there were 496,087,136 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	Clear Channel Communications, Inc. Common Stock		Clear Channel Outdoor Holdings, Inc. Class A Common Stock	
	Amount and Nature of Beneficial Ownership	Percent of Class	Amount and Nature of Beneficial Ownership	Percent of Class
Alan D. Feld	77,361(1)	*		*
Perry J. Lewis	192,971(2)	*		*
L. Lowry Mays	31,563,419(3)	6.3%		*
Mark P. Mays	2,366,281(4)	*		*
Randall T. Mays	1,976,059(5)	*		*
B. J. McCombs	4,816,669(6)	1.0%		*
Phyllis B. Riggins	17,241(7)	*		*
Theodore H. Strauss	217,307(8)	*		*
J. C. Watts	21,224(9)	*		*
John H. Williams	64,667(10)	*		*
John B. Zachry	4,500(11)	*		*
John Hogan	403,440(12)	*		*
Paul J. Meyer	21,874	*	261,365(13)	*
FMR Corp. (14)	48,216,851	9.7%	n/a	
Highfields Capital Management LP (15)	24,854,400	5.0%	n/a	
All Directors and Executive Officers as a Group (16 persons)	41,835,548(16)	7.7%	261,365(17)	*

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

(1) Includes 58,407 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  
125,314 shares  
subject to  
options held by  
Mr. Lewis,  
39,953 of which  
are held in a  
margin account.  
Excludes 3,000  
shares owned by  
Mr. Lewis's wife,  
as to which  
Mr. Lewis  
disclaims  
beneficial  
ownership.

(3) Includes  
2,890,866  
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,  
26,801,698  
shares held by  
the LLM  
Partners Ltd of  
which Mr. L.  
Mays shares  
control of the  
sole general  
partner,  
1,532,120  
shares held by  
the Mays  
Family

Foundation and 100,184 shares held by the Clear Channel Foundation over which Mr. L. Mays has either sole or shared investment or voting authority.

- (4) Includes 757,243 shares subject to options held by Mr. M. Mays, 343,573 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. Also includes 6,727 shares and 1,054 shares, which represent shares in LLM Partners.

- (5) Includes 757,243 shares subject to options held by Mr. R. Mays, 359,517 shares held by trusts of which Mr. R. Mays is the trustee, but not a beneficiary, and 619,761 shares held by RTM

Partners, Ltd.  
Mr. R. Mays  
controls the sole  
general partner  
of RTM  
Partners, Ltd.  
Also includes  
4,484 shares and  
1,054 shares,  
which represent  
shares in LLM  
Partners.

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- (6) Includes 53,586 shares subject to options held by Mr. McCombs and 4,763,083 shares held by the McCombs Family Partners, Ltd. of which Mr. McCombs is the general partner and all of which are held in a margin account. Excludes 27,500 shares held by Mr. McCombs wife, as to which Mr. McCombs disclaims beneficial ownership.
- (7) Includes 6,266 shares subject to options held by Ms. Riggins.
- (8) Includes 58,407 shares subject to options held by Mr. Strauss and 72,087 shares held by the THS Associates L.P. of which Mr. Strauss is the general partner.
- (9) Includes 14,099 shares subject to options held by Mr. Watts.
- (10) Includes 45,953 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 4,500  
shares subject to  
options held by  
Mr. Zachry.

(12) Includes  
295,062 shares  
subject to  
options held by  
Mr. Hogan.

(13) Includes  
261,365 shares  
subject to  
options held by  
Mr. Meyer.

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

(15) Address: John  
Hancock Tower,  
200 Clarendon  
Street, 51st  
Floor, Boston,  
Massachusetts  
02116.

(16) Includes  
5,163,837  
shares subject to  
options held by  
such persons,  
600,576 shares  
held by trusts of  
which such

persons are  
trustees, but not  
beneficiaries,  
26,801,698  
shares held by  
the LLM  
Partners Ltd,  
1,022,293  
shares held by  
the MPM  
Partners, Ltd.,  
619,761 shares  
held by the  
RTM Partners,  
Ltd, 4,763,083  
shares held by  
the McCombs  
Family Partners,  
Ltd, 72,087  
shares held by  
the THS  
Associates L.P.,  
1,532,120  
shares held by  
the Mays  
Family  
Foundation and  
100,184 shares  
held by the  
Clear Channel  
Foundation.

- (17) Includes  
261,365 shares  
subject to  
options held by  
such persons.

#### **Proposed Change in Control**

On November 16, 2006, Clear Channel entered into an Agreement and Plan of Merger with BT Triple Crown Merger Co., Inc., B Triple Crown Finco, LLC, and T Triple Crown Finco, LLC. Pursuant to the terms of the merger agreement, BT Triple Crown will be merged with and into Clear Channel, and as a result Clear Channel will continue as the surviving corporation and a wholly owned subsidiary of B Triple Crown and T Triple Crown. B Triple Crown and T Triple Crown are owned by a consortium of private equity funds affiliated with Thomas H. Lee Partners, L.P. and Bain Capital Partners, LLC. Consummation of the merger is subject to customary conditions to closing, including the approval of Clear Channel's shareholders, and foreign and domestic regulatory clearance.

#### **COMPENSATION COMMITTEE REPORT**

The Compensation Committee of the Board has reviewed and discussed the Compensation Discussion and Analysis included in this document with management. Based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this document.

Respectfully submitted,

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

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**EXECUTIVE COMPENSATION DISCUSSION AND ANALYSIS**

The following compensation discussion and analysis contains statements regarding Clear Channel and individual performance measures and other goals. These goals are disclosed in the limited context of Clear Channel's executive compensation program and should not be understood to be statements of management's expectations or estimates of results or other guidance. Clear Channel specifically cautions investors not to apply these statements to other contexts.

**Overview and Objectives of Clear Channel's Compensation Program**

Clear Channel believes that compensation of its executive and other officers and senior managers should be directly and materially linked to operating performance. The fundamental objective of Clear Channel's compensation program is to attract, retain and motivate top quality executive and other officers through compensation and incentives which are competitive with the various labor markets and industries in which Clear Channel competes for talent and which align the interests of Clear Channel's officers and senior management with the interests of Clear Channel's shareholders.

Overall, Clear Channel has designed its compensation program to:

support its business strategy and business plan by clearly communicating what is expected of executives with respect to goals and results and by rewarding achievement;

recruit, motivate and retain executive talent; and

create a strong performance alignment with shareholders.

Clear Channel seeks to achieve these objectives through a variety of compensation elements:

annual base salary;

an annual incentive bonus, the amount of which is dependent on Clear Channel and, for most executives, individual performance during the prior fiscal year;

long-term incentive compensation, delivered in the form of stock options grants and restricted stock awards that are awarded based on the prior year's performance and other factors described below, and that are designed to align executive officers' interests with those of shareholders by rewarding outstanding performance and providing long-term incentives; and

other executive benefits and perquisites.

**Compensation Practices**

The Committee annually determines total compensation, as well as the individual components of such compensation, of Clear Channel's named executive officers, except for Paul Meyers, President and Chief Executive Officer of Clear Channel Outdoor Holdings, Inc. (CCOH), a publicly traded subsidiary of Clear Channel. Mr. Meyer's compensation is determined by CCOH's compensation committee, and not Clear Channel's Compensation Committee (the Committee). Accordingly, any references contained in this Compensation Discussion and Analysis regarding the Committee and any subcommittee thereof making compensation decisions with respect to Clear Channel's executive officers, excludes Mr. Meyer. For discussion of Mr. Meyer's compensation, please refer to the Paul Meyer's Compensation section of this Compensation Discussion and Analysis.

In 2006, the Committee engaged Hewitt Associates, an independent compensation consultant to develop and provide market pay data (including base salary, bonus, long-term incentive compensation and all other compensation) to better evaluate the appropriateness and competitiveness of overall compensation paid to Clear Channel's executive officers. Compensation objectives are developed based on market pay data from proxy statements and other sources, when available, of leading media companies identified as key competitors for business and/or executive talent (the

Media Peers). Individual pay components and total compensation were bench marked against the Media Peers. The Media Peers do not include companies in the Radio Index that is used for comparison purposes in the Company's stock performance graph due to the fact that these companies comprising the Radio



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Index are smaller in size and less diversified business operations than the Media Peers, which the Compensation Committee believes are more comparable to the Company for executive compensation purposes.

The Media Peers include Belo Corp., CBS Corporation, Comcast Corporation, The Walt Disney Company, Gannett Company, Inc., IAC/InteractiveCorp, News Corporation, Time Warner, Tribune Company, Viacom, Inc. and Yahoo! Inc. The Media Peers were selected on the basis of criteria that are deemed to be comparable with Clear Channel in terms of market capitalization, exchange traded, scope of operations, revenue, free cash flow, total assets, total capital and number of employees.

Except for Paul Meyer, each of the other named executive officers has entered into an employment agreement with Clear Channel. Paul Meyer has entered into an employment agreement with CCOH. The employment agreements generally set forth information regarding base salary, annual incentive bonus, long-term incentive compensation and other employee benefits. All compensation decisions with respect to the named executive officers are made within the scope of the employment agreements. For a further description of the employment agreements, please refer to the Employment Agreements with the Named Executive Officers section of this proxy statement.

In making decisions with respect to each element of executive compensation, the Committee considers the total compensation that may be awarded to the officer, including salary, annual bonus and long-term incentive compensation. Multiple factors are considered in determining the amount of total compensation (the sum of base salary, annual incentive bonus and long-term incentive compensation delivered through stock option grants and restricted stock awards) to award the executive officers each year. Among these factors are:

how proposed amounts of total compensation to Clear Channel's executives compare to amounts paid to similar executives by Media Peers both for the prior year and over a multi-year period;

the value of stock options and restricted stock awarded in prior years;

internal pay equity considerations; and

broad trends in executive compensation generally.

In addition, in reviewing and approving employment agreements for named executive officers, the Committee considers the other benefits to which the officer is entitled by the agreement, including compensation payable upon termination of the agreement under a variety of circumstances. The Committee's goal is to award compensation that is reasonable when all elements of potential compensation are considered.

### **Elements of Compensation**

The Committee and the Executive Performance Subcommittee of the Committee (the Subcommittee) believe that a combination of various elements of compensation best serves the interests of Clear Channel and its shareholders. Having a variety of compensation elements enables Clear Channel to meet the requirements of the highly competitive environment in which Clear Channel operates while ensuring its executive officers are compensated in a way that advances the interests of all shareholders. Under this approach, executive compensation involves a significant portion of pay that is at risk, namely, the annual incentive bonus. The annual incentive bonus is also based largely 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.

Clear Channel's practices with respect to each of the elements of executive compensation are set forth below, followed by a discussion of the specific factors considered in determining the amounts for each of the key elements.

#### *Base Salary*

**Purpose.** The objective of base salary is to reflect job responsibilities, value to Clear Channel and individual performance with respect to market competitiveness.

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**Administration.** Base salaries for executive officers are reviewed on an annual basis and at the time of promotion or other change in responsibilities. Increases in salary are based on subjective evaluation of such factors as the level of responsibility, individual performance, level of pay both of the executive in question and other similarly situated executive officers of the Media Peers, and competitive pay levels.

Base salaries of executive officers are set at levels comparable to salaries paid by Clear Channel's Media Peers. The named executive officers' initial salaries are determined through mutual negotiations between the executive and the Committee and set forth in their respective employment agreements. Clear Channel believes that employment agreements with its key executives are in the best interests of Clear Channel to assure continuity of management.

**Considerations.** Minimum base salaries for four of the five executive officers named in the 2006 Summary Compensation Table are determined by employment agreements for those officers with Clear Channel. These minimum salaries and the amount of any increase over these minimum salaries are determined by the Committee based on a variety of factors, including:

the nature and responsibility of the position and, to the extent available, salary norms for persons in comparable positions at Media Peers;

the expertise of the individual executive;

the competitiveness of the market for the executive's services; and

the recommendations of the Chief Executive Officer (except in the case of his own compensation).

In setting base salaries, the Committee considers the