



EXECUTIVE SUMMARY

The future for Clear Channel and traditional radio broadcasting holds a bleak horizon. To continue its success, the company must considerably evaluate current technological advances and the regulatory environment as it seeks to regain profitability and maintain its market leadership in a quickly morphing industry. With the rapid development and expansion of media vehicles such as satellite radio and internet radio, traditional commercial broadcasters are finding it necessary to consider strategies of related diversification that will ensure that they are able to meet future growth requirements. Clear Channel implemented such a strategy with its 2003, five-year secured agreement with XM Satellite Radio.

With continuing flat market conditions predicted by financial analysts, stepped up competition and the recent restructuring of product inventory, Clear Channel is facing serious financial challenges during its implementation of a diversified strategy. The company needs to strategically prepare itself for listener defection to music broadcast alternatives, taking the proper initiatives to aggressively maintain its current listeners and secure new listeners through new avenues.

Diversification through this manner does present substantial opportunities for radio broadcasters by supplying advertisers with diversified media packages that will provide increasingly targeted audiences. As broadcasters are able to provide more precise target market reach at an economy of scale, advertising profitability will increase.

Clear Channel is perfectly poised to use its market leadership, brand awareness and remaining financial stability to transition into diversified broadcasting and these emerging new markets.

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INTRODUCTION

“Clear Channel Communications, Inc. is a diversified media company with three business segments: radio broadcasting, outdoor advertising and live entertainment. As of December 31, 2004, the Company owned 1,189 radio stations and held equity interests in various international radio broadcasting companies. Clear Channel also owned or operated 151,603 outdoor advertising display faces in the United States and 671,977 international outdoor advertising display faces. As of December 31, 2004, the Company owned or operated 75 live entertainment venues in the United States and 29 live entertainment venues internationally. Clear Channel also owns a non-controlling interest or has booking, promotions or consulting agreements with 27 venues in the United States and one international venue. Other businesses of the Company include the ownership or programming of 40 television stations, as well as the operation of a Company-owned media representation firm that represents professional athletes.” (c)

“Clear Channel owns over 1,200 radio stations and 37 television stations, with investments in 240 radio stations globally, and Clear Channel Entertainment (aka SFX, one of their more well-known subsidiaries) owns and operates over 200 venues nationwide. They are in 248 of the top 250 radio markets, controlling 60% of all rock programming. They outright own the tours of musicians like Janet Jackson, Aerosmith, Pearl Jam, Madonna and N'Sync. They own the network, which airs Rush Limbaugh, Dr. Laura, Casey Kasem, and the Fox Sports Radio Network.”^(d) The company has 103,000,000 listeners in the U.S. and 1,000,000,000 globally, accounting for one sixth of the world's population.

As of February 28, 2005 the company had roughly 29,100 domestic employees and 6,100 international employees. Of these totals, 34,350 are in operations and 850 performing corporate activities. Roughly 28,000 additional seasonal employees are hired during peak times to operate the live entertainment business unit.

CORPORATE INFORMATION & TIMELINE (B)

Company Fact Sheet

Address	200 East Basse Road San Antonio TX, 78209-8328
Phone	210-822-2828
Fax	
Web site	http://www.clearchannel.com
Ticker	CCU
Exchange	NYSE
Founded	in 1974.
Incorporated	in Texas in 1974.
Dirs	A. D. Feld, T. O. Hicks, P. J. Lewis, L. L. Mays, M. P. Mays, R. T. Mays, B. J. McCombs, P. B. Riggins, T. H. Strauss, J
Domicile	Texas.
Chrmn & CEO	L. L. Mays.
Pres & COO	M. P. Mays.
EVP & CFO	R. T. Mays.
SVP & Chief Acctg Officer	H. W. Hill, Jr.
Secy, SVP & General Counsel	K. E. Wyker.
Investor Contact	Randy Palmer (210-822-2828).
Employees	35000
S&P Analyst	Tuna Amobi

- 2002** Completed the **acquisition** of **The Ackerley Group** and its integration into the Company's outdoor advertising division
- 2001** Radio Division reorganizes management structure by geographic regions in the US. Collectively, Clear Channel divisions are now operating in **65 countries** worldwide. Entertainment produced and marketed **the three top grossing** concert tours in 2001
- 2000** Completed acquisition of AMFM, Inc.
Acquired SFX Entertainment, Inc., one of the world's largest diversified

promoters, producers and presenters of live entertainment events.

Acquired outdoor assets of Donrey Media, Taxi Tops and Ackerley Media increasing the outdoor division's business and products.

Continued expansion in radio and outdoor, bringing the total number of worldwide **radio stations** owned or programmed to **1,376** and total **outdoor advertising** displays to approximately **700,000**.

1999 The Wall Street Journal ranked Clear Channel as the **fifth best-performing stock** of the nineties.

Completed the Jacor acquisition bringing the total number of radio stations owned or programmed to 625.

Announced **acquisition of AMFM**, Inc. creating a national radio platform.

Acquired Dauphin, a European outdoor advertising company.

1998 Announced **acquisition of Jacor Communications** substantially enhancing the Company's radio presence.

Continued expansion of radio division by adding 38 stations, bringing the total number of stations owned or programmed to 204.

Completed acquisition of the **More Group Plc**, an outdoor advertising company with presence in **25 countries** around the world.

Completed acquisition of Universal Outdoor and its integration into the Company's outdoor advertising division.

Acquired a 40% interest in Grupo Acir, the largest operator of radio stations in **Mexico**.

1997 Added to the widely followed S&P 500 Index in recognition of the Company's industry leadership.

Emerged as a leader in the **outdoor** advertising industry with **acquisition of Eller Media Company** and announcement of acquisitions of Universal Outdoor and More Group Plc.

Continued expansion of radio division adding 70 stations, bringing the total number of stations owned or programmed to 173; most notable was the acquisition of 43 stations from Paxson Communications Corporation.

1996 Telecommunications Act of 1996 passed by Congress.

Acquired 49 radio stations in 20 markets.

Acquired a 33.3% interest in the largest radio group in New Zealand.

1995 The Wall Street Journal named Clear Channel Communications the **eighth best performing stock** over the previous ten years.

Acquired radio stations in Houston, Texas and television stations in Harrisburg, Pennsylvania and Jacksonville, Florida.

Acquired a 50% interest in Australian Radio Network Pty Ltd., the second largest radio group in Australia.

1995 Broadcasting assets totaled 43 radio stations and 16 television stations in 32 markets

1994 Obtained listing of **Clear Channel Communications, Inc. Common Stock**

1993 Acquired radio stations in San Antonio, Texas; Austin, Texas; Richmond, Virginia; and Oklahoma City, Oklahoma.

Acquired television stations in Memphis, Tennessee; Minneapolis, Minnesota; and Tulsa, Oklahoma.

1992 Federal Communications Commission passes duopoly rules allowing for ownership of two FM and two AM radio stations in a market.

Acquired WPTY-TV, a FOX television affiliate in Memphis, Tennessee.

Acquired radio stations in New Haven, Connecticut; Wichita, Kansas; Richmond, Virginia; and Tampa, Florida.

1991 Acquired **the 78-station affiliate Kentucky Network**, a news, sports and information network servicing radio stations throughout Kentucky.

1990 A fifth television station was added with the acquisition of KSAS-TV in Wichita, Kansas.

1989 Acquired additional television stations in Tucson, Arizona; Jacksonville, Florida; and Tulsa, Oklahoma.

Created **a sports division, Clear Channel Sports**, which owns the radio rights to broadcast certain NCAA sports events.

1988 Entered **television** business with the acquisition of WPMI-TV, Channel 15 in Mobile, Alabama / Pensacola, Florida.

1984 Initial Public Offering at today's split-adjusted price of approximately \$0.43 per

share.

Acquired Broad Street Communications Corporation increasing the Company's radio assets to six FM and six AM stations in seven markets.

- 1975** Acquired **WOAI-AM**. This was the Company's **first** "Clear Channel" radio station, which means it was designated with its own frequency nationwide.
- 1972** Lowry Mays and Red McCombs form **San Antonio Broadcasting Company** to acquire KEEZ-FM (now KAJA-FM) in San Antonio, Texas for \$125,000

COMPANY MISSION STATEMENT

“We are in the business of helping our customers grow their businesses. We do this effectively with our wide variety of media and entertainment products.

We believe in maximizing our customer's satisfaction, we will deserve and will earn their continued loyalty. Our goal is to have long term, mutually profitable relationships.

We believe in providing superior value to customers through high quality, technologically advanced, fairly priced services designed to meet customer needs better than all the possible alternatives.

We believe Clear Channel's people are our most important asset. Our teams make the critical difference in how we perform and their skills, talents and determination separate us from our competitors. We also believe people can achieve their full potential when they enjoy their work, so it is a priority to provide a workplace where growth, success and fun go hand in hand.

We believe we have an obligation for the well-being of the communities in which we live. We further believe the future success of our communities and the industries where we do business is dependent upon the responsibility we feel, the high standards we set and the positive impact our actions have.

We believe excellence is the standard and we seek to achieve excellence by encouraging and nourishing these core values:

- Respect for the individual.
- Honest, open communication.
- Individual development and satisfaction.
- A sense of ownership in Clear Channel's success.
- Participation, cooperation and teamwork.
- Creativity, innovation and initiative.
- Prudent risk-taking.
- Recognition and rewards for achievement.

We believe success is measured by:

- Achieving leadership in the markets we serve.
- Developing our own people to form the building blocks of our internal growth and expansion.
- Maintaining the highest standards of ethics and integrity in every action we take and in everything we do.

We believe the ultimate measure of our success is to provide a superior value to our stockholders.”^(a)

CORPORATE LEVEL STRATEGY

Clear Channel demonstrates a strong related diversification strategy. Its radio broadcast segment accounts for 40% of the total company revenue. Outdoor advertising accounts for 25% of the total company revenue, the live entertainment business segment accounts for 29% of total revenue and the remaining business segments, listed as “other” in the company 10K report, which include television broadcasting, media representation and professional athlete representation accounts for 5% of total company revenue.

The communications mogul has perfected the art of creating synergy. Through its expansion, the company sought to dominate markets relevant to the core competencies of its management by expanding from radio into television broadcasting, live entertainment and further extending its advertising reach by its acquisition of an outdoor advertising division. With such a broad and extensive avenues to reach consumers, Clear Channel steadily evolved into a conglomerate with its finger steadily on the pulse of consumers. The close similarities in daily operations create the environment for synergy to thrive and provide the ease of cross strategy tactics between the multiple business units. Furthermore, the company is able to provide more choices in product offerings at an economy of scale, increasing the company’s force in the market place.

BUSINESS UNITS AND BUSINESS LEVEL STRATEGY

Radio Broadcasting is Clear Channel’s major business unit, accounting for 40% of the company’s total revenue. Since the inception of the company, with the first radio station in 1972, it has showed steady and aggressive growth; going public in 1984, boasting 1,376 radio stations operating world wide by the year 2000 and operating Clear Channel divisions in 65 countries. The company is just reaching a mature stage, where recent business focus has been on maximizing market penetration through aggressive station acquisition in existing and new markets. In 2004, the company began a “Less is More” strategy of management that was aimed at stimulating demand, improving pricing and developing a more enhanced interaction with its advertisers and listeners.^(e)

TOP 10 RADIO STATION GROUPS

(Ranked by estimated 2003 revenues, in millions of dollars)

GROUP	EST. 2003 REVENUES	NO. OF STATIONS	NO. OF MARKETS
1. Clear Channel Communications	3,535.1	1,213	189
2. Infinity Broadcasting	2,269.0	186	42
3. Cox Radio	474.0	76	18
4. Entercom Communications	454.5	104	19
5. ABC/Disney	444.8	73	44
6. Citadel Broadcasting	399.4	211	46
7. Radio One	368.3	65	22
8. Univision Communications	330.7	72	23
9. Omulus Media	311.8	301	60
10. Emmis Communications	311.3	27	8

Sources: BIA Financial Network; Standard & Poor’s Research.

Clear Channel currently exhibits the “Analyzer” strategy characteristics in the competitive environment, easily maintaining its number one position in the market place after a steady offensive growth strategy. The structural reorganization in 2004 indicates a “wait and see” growth strategy as the company strives to streamline, optimize, defend its current market share and continue to additional market share. The company exhibits the horizontal expansion generic growth strategy as it continues to acquire stations in new markets, geographical regions and countries.

It is rather difficult to determine precisely what competitive strategy the company is utilizing. Through its aggressive acquisition of the maximum number of stations in every top market, the company is able to employ a focus strategy to provide marketers with advertising avenues that cater to very specific market segments. However, the company is also able to utilize a cost leadership strategy through economies of scale and efficient capacity utilization.

INDUSTRY ASSESSMENT

The broadcasting and cable industry is viewed neutrally by Standard and Poor's Net Advantage. With technology advances driving the market place and increased competition fueled by substitutes, audiences are becoming more fragmented, resulting in a slide in media advertising in all channels. "Radio companies have not been immune to the media slide in 2004. The leading player, Clear Channel Communications Inc., recently took action to address the persistent supply/demand imbalance, with plans to reduce its spot load (commercial / promotional clutter) starting in January 2005.

CABLE, RADIO & TV ADVERTISING REVENUES
(In billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	E2004	E2005
Broadcast TV	36.89	39.17	40.01	44.80	37.79	42.14	42.42	46.03	47.04
Cable TV	8.08	10.19	12.41	14.80	14.62	15.24	17.20	19.28	20.91
Radio	13.80	15.43	17.68	19.85	18.37	19.41	19.60	20.95	21.26
Total	58.77	64.79	70.10	79.45	70.78	76.79	79.22	86.26	89.20

E-Estimated. Broadcast TV includes network, local, and syndication. Cable TV includes network, local spot and regional. Radio includes local/retail, national spot and network.
Sources: Television Bureau of Advertising; Cabletelevision Advertising Bureau; Radio Advertising Bureau; Standard & Poor's estimates.

Amid increased competition from satellite radio and an expanding array of digital entertainment options (iPods, Internet radio, videogames, wireless Web, etc.), some leading radio groups recently unveiled multiyear plans for a transition to high-definition (HD) broadcasts.”^(h)

“We believe that radio has been the weakest link in the 2004 advertising recovery. Even with the benefit of easier comparisons (due to the war-induced slowdown in 2003), the industry has generated what we view as an anemic 2% growth in 2004 through the end of August, according to data from Radio Advertising Bureau (RAB), an association of radio broadcasters. This reflects the continued weakness in national advertising, which has blunted signs of a modest improvement in core local spending.

We believe that many radio companies have recently been hurt by an inventory supply/demand imbalance. This has resulted in diminished pricing power and has increased promotional clutter, and several advertising categories lost steam during the current advertising recovery. In early 2004, Clear Channel, the industry's biggest player, attempted to withhold inventory, but this move did not appear to have much effect on pricing.

CLEAR CHANNEL RADIO SPOT LIMITS

FORMAT	5 A.M. TO 10 A.M.	10 A.M. TO 3 P.M.	3 P.M. TO 7 P.M.	7 P.M. TO 12 A.M.	12 A.M. TO 5 A.M.
ADULT ALTERNATIVE					
Minutes per hour	12	10	10	10	8
Units per break	6	6	6	6	4
Minutes per break	4	4	4	4	4
SMOOTH JAZZ					
Minutes per hour	10	10	10	10	6
Units per break	6	6	6	6	4
Minutes per break	4	4	4	4	4
NEWS TALK					
Minutes per hour	15	15	15	15	10
Units per break	6	6	6	6	5
Minutes per break	4	4	4	4	4

Sources: Clear Channel Communications; Standard & Poor's Research.

In June 2004, Clear Channel unveiled a plan to reduce its spot load (commercial/promotional clutter) by 19% starting January 1, 2005. The company plans to convert a sizable portion of its inventory of traditional 60-second advertising spots into 30-second ad spots - a dramatic measure and a first for the radio industry. Although Standard & Poor's believes that this plan could face advertiser resistance initially, we think it could have significant long-term implications for the entire industry. One remote possibility is that the 30-second format could ultimately become the standard (as it is in TV), which in turn could lead to a recalibration of

pricing. Such a change would certainly affect industry revenues and sales commissions, though whether in a positive or negative way is impossible to say. However, reduced clutter resulting from adoption of the 30-second format would likely improve audience numbers.

We expect continued softness in radio advertising demand to permeate the rest of this year and into 2005, as the supply/demand imbalance will likely remain an issue. Standard & Poor's projects that radio revenues will grow 3.3% in 2004, as the medium has been a relatively modest beneficiary of political spending. We estimate 5.0% growth in 2005, as a few more advertising categories show signs of improvement along with the economy and jobs picture.” (i)

Further analysis based on Michael Porter's 5 Forces Model indicates a declining attractiveness for the radio broadcasting industry. The threat of new direct competitors into the industry is fairly nominal since Clear Channel dominates all top markets on a global scale, obstructing distribution channels for new entrants. The capital requirements for a new viable competitor to enter the market place are staggering and prohibitive. Given this environment Clear Channel should fear no new players on the field. However, the collective bargaining power of its customers has exerted considerable force upon the company recently. This is evident with the company's reaction to the media slow down of 2003 by taking drastic steps to reduce airtime clutter and the number of spots available in an effort to bring supply and demand into balance. The two most critical forces to be evaluated are the intensity of rivalry among firms in the industry and the new technology booms that are unleashing very attractive alternatives to traditional broadcasting with minimized commercial interruption, which is increasing in appeal with consumers.

Even though Clear Channel is the clear industry leader, it is becoming increasingly difficult for the company to exert pricing discipline due to the number of large competitors in the industry. As the number of competitors has grown the overall profitability of the industry has fallen to a near flat level, leaving the mega media moguls clawing at each other to maintain existing market share while attempting to meet growth expectations of shareholders. In this industry, Clear Channel has pulled a very maverick move in changing their spot formats to a “less is more” approach, hoping to restructure the industry pricing. This move can have a devastating outcome for the company should the market not react as expected. Furthermore, new technology advances that are quickly becoming available to consumers on a large scale are providing very attractive substitute products such as net broadcasting and satellite radio.

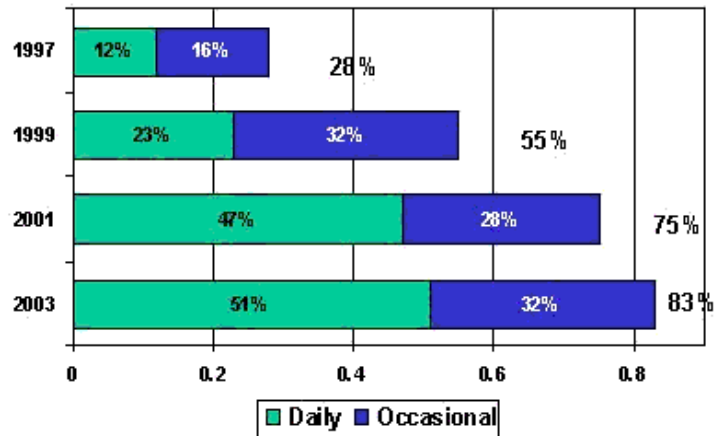
Overall, when considering the five forces that are prevalent in business operations for this industry, the competitive climate is unattractive at best, showing little growth if any.

EXTERNAL MARKET ANALYSIS

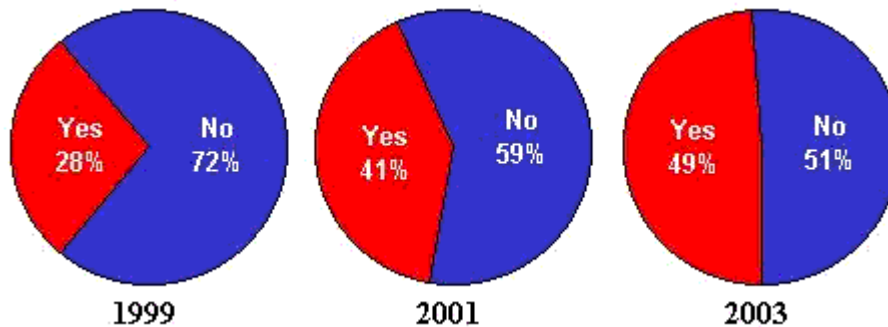
OPPORTUNITIES

- Digital technology advances are starting to be implemented in the form of High Definition Radio, “better known as digital radio for terrestrial stations. It will bring CD quality sound to FM stations, AM stations will be the equivalent of today's FM stations, and with expanded bandwidth HD Radio will be able to provide exciting new services to our listeners. It received another boost last week when the National Radio Systems Committee adopted an industry standard. This will help accelerate the rollout of digital radio services.”⁽¹⁾
- Quickly evolving technology offers companies the opportunity to pioneer and capitalize on emerging new markets if they are strategically positioned to invest and diversify. New technology such as net radio, satellite radio and cable broadcasting offer boundless digital possibilities for traditional radio broadcasters. These new broadcast methods have seen upwards to 300% growth since 1997. ⁽⁶⁾

Internet Usage Among Radio Listeners



Visitation of Radio Station Websites



THREATS

- As of February 2005, the media sector, mainly radio and billboard advertising, is continuing to show sluggish growth in the single digits with both Clear Channel and its second largest competitor, Infinity Broadcasting, charging massive write off's in an effort to balance their continuing losses amid a softening industry.^(j)
- Technology advancements are exerting nearly as much brutal force as current industry conditions. Innovations such as Internet and Satellite radio are changing the way people tune in. "Daily usage of the Internet among radio listeners (51% in 2003) has increased more than 300% from 1997 levels (12%)."^(o) Satellite radio is also showing similar explosive growth. Consumers are increasingly willing to pay for programming of their choice that is free of commercial clutter and overly conservative regulation of free speech and programming. According to an October 2005 industry editorial, "over-the-air broadcasting will become less relevant as a marketplace of ideas, particularly those that don't pass the government smell test".^(k) Furthermore, the extent of threat can be greatly underestimated since it can be somewhat difficult to accurately valuate the number of defectors. With technology changes that are swift and deadly to conservative, archaic conglomerates it is critical that strategic emphasis be placed on investing in ever improving technology; most importantly at the speed with which it evolves. This type of market leadership holds the highest risks, but is essential for survival and growth in an industry with such accelerating technological advances.
- The legislative environment for the broadcasting industry is turbulent at best. There is a tremendous push for the regulation of broadcasted content for decency, which is by its sheer nature a terrible attack on free speech. In addition, there is a pending rewrite of the 1996 Telecommunications Act that could have far reaching impact across the broadcasting industry as a whole.^(m)
- Commercial Radio listening has declined steadily for the last 20 years.⁽ⁿ⁾ People on average spend less time listening per week. The decline in listening will continue to erode traditional advertising revenue streams.

INTERNAL COMPANY ANALYSIS

STRENGTHS

- Clear Channel is in 248 of the top 250 radio markets, controlling 60% of all rock programming. The company has 103,000,000 listeners in the U.S. and 1,000,000,000 globally, accounting for one sixth of the world's population. Clear Channel is the clear industry leader in radio broadcasting.
- The company's financial management skills are strong. Despite staggering losses three of the past five years, the company has been able to maintain a consistent cash flow, positive earnings and in 2003, a dividend payout.

Per Share Data by Fiscal Year (\$)

	2003	2002	2001	2000	1999	1998
Tangible Bk. Val.	NM	NM	NM	NM	NM	0.35
Cash Flow	2.93	2.19	2.4	2.82	2.49	1.44
Earnings	1.85	1.18	-1.93	0.57	0.26	0.22
Dividends	0.2	NI	NI	NI	NI	NI
Payout Ratio	11%	NI	NI		NI	
Prices - High	47.48	54.9	68.08	95.5	91.5	62.31
- Low	31	20	35.2	43.87	52	31
P/E Ratio - High	26	47	NM		NM	
- Low	17	17	NM		NM	

Relative Standings by Calendar Year

	4/15/05	2004	2003	2002	2001
Price - Close	33.11	33.49	46.83	37.29	50.91
- High	35.07	47.76	47.48	54.9	68.08
- Low	31.14	29.96	31	20	35.2
P/E Ratio	23.5	23.8	25.3	31.6	NM
<i>Relative to:</i>					
S&P MidCap 400 P/E Ratio (%)	126.3	104.8	86.3	108.8	NM
S&P 500 P/E Ratio (%)	139.1	113.4	87.9	109	NM
S&P SmallCap 600 P/E Ratio (%)	122.4	89.9	80.1	84.1	NM
Dividend Yield (%)	1.5	1.3	0.2	Nil	Nil
<i>Relative to:</i>					
S&P MidCap 400 Yield Ratio (%)	1.5	1.3	0.2	Nil	Nil
S&P 500 Yield Ratio (%)	126.8	115.4	19.4	----	----
S&P SmallCap 600 Yield Ratio (%)	80.4	74.6	13.3	----	----

WEAKNESSES

- Clear Channel has posted net income losses for three of the past five years in addition to losses per share. Although the company is still a strong industry leader, its violent financial performance is indicative of the turbulent industry environment.
- The company has shown evidence of undesirable fluctuation in its current ratio. Only three of the last five years was the company able to maintain a current ratio of more than 1, leaving itself vulnerable to bankruptcy.

Ticker	Company	Yr. End	Current Ratio				
			2003	2002	2001	2000	1999
BROADCASTING & CABLE TV‡							
CCU	* CLEAR CHANNEL COMMUNICATIONS	DEC	1.2	0.7	0.7	1.1	1.3
CMCSA	* COMCAST CORP	DEC	0.6	0.5	1.5	1.3	1.8
EMMS	† EMMIS COMMUNICTNS CP -CL A	FEB	1.4	1.2	1.0	1.8	1.3
ETM	† ENTERCOM COMMUNICATIONS CORP	DEC	1.2	2.6	1.6	3.3	2.6
UVN	* UNIVISION COMMUNICATIONS INC	DEC	1.8	1.7	2.2	0.7	1.3
WON	† WESTWOOD ONE INC	DEC	2.1	1.7	1.3	1.1	1.3

- The company has not been able to maintain measurable net working capital for the past three years. Under such conditions the company does not have the resources to capitalize on market opportunities and is vulnerable to bankruptcy.

Ticker	Company	Yr. End	Net Working Capital				
			2003	2002	2001	2000	1999
BROADCASTING & CABLE TV‡							
CCU	* CLEAR CHANNEL COMMUNICATIONS	DEC	NM	NM	NM	NM	NM
CMCSA	* COMCAST CORP	DEC	NM	NM	827.2	954.2	205.8
EMMS	† EMMIS COMMUNICTNS CP -CL A	FEB	NM	NM	NM	NM	NM
ETM	† ENTERCOM COMMUNICATIONS CORP	DEC	NM	453.7	NM	928.2	NM
UVN	* UNIVISION COMMUNICATIONS INC	DEC	590.0	885.5	509.2	NM	841.8
WON	† WESTWOOD ONE INC	DEC	350.8	365.3	461.1	NM	383.0

- Company stock prices are continuing to decline and it is currently recommended by Standard and Poor's to sell Clear Channel stock due to both company management and external market conditions.

Relative Standings by Calendar Year

	4/15/05	2004	2003	2002	2001
Price - Close	33.11	33.49	46.83	37.29	50.91

- High	35.07	47.76	47.48	54.9	68.08
- Low	31.14	29.96	31	20	35.2
P/E Ratio	23.5	23.8	25.3	31.6	NM
<i>Relative to:</i>					
S&P MidCap 400 P/E Ratio (%)	126.3	104.8	86.3	108.8	NM
S&P 500 P/E Ratio (%)	139.1	113.4	87.9	109	NM
S&P SmallCap 600 P/E Ratio (%)	122.4	89.9	80.1	84.1	NM
Dividend Yield (%)	1.5	1.3	0.2	Nil	Nil
<i>Relative to:</i>					
S&P MidCap 400 Yield Ratio (%)	1.5	1.3	0.2	Nil	Nil
S&P 500 Yield Ratio (%)	126.8	115.4	19.4	----	----
S&P SmallCap 600 Yield Ratio (%)	80.4	74.6	13.3	----	----

SUMMARY

Clear Channel is teetering on the edge of growing imbalances in its internal strengths and weaknesses. Although the company dominates the market currently, more diversified and financially solid companies are a viable threat. The company is showing trends of financial loss, stock decline and potential obsolescence as new technologies dilute the media industry at alarming speed. As the company continues to post negative net income, it is less and less capable of capitalizing on new technologies and ventures. If the company cannot change with new technology and new market developments, finding new ways to deliver advertising messages to more targeted markets that is economical for advertisers it will quickly lose its position as the market leader.

If Clear Channel accepts the challenges of the market place, there are tremendous opportunities for the company to diversify into satellite and internet broadcasting which will offer its advertisers unquestionable exposure rates that will provide guaranteed revenue streams. With the explosive growth in these new technologies, competitors will also be quick to capitalize on the market. Clear Channel currently has the financial framework that, if utilized quickly and strategically, will allow the company to diversify into these markets. However, every delay in developing a strategy increases the risk at an increasing rate, with the potential of leaving the company unable to undertake the expansions. It is critical that the company invest in the proper research and management tools necessary to develop a business strategy that will allow it to grow with technology as it evolves.

BALANCED SCORECARD ANALYSIS

Clear Channel has focused on the learning and growth perspective, the business process perspective and the customer perspective as is evident with investments in technology and by efforts to improve customer satisfaction. “In 2003, the company entered into a five-year secured contract regarding its investment in XM Satellite Radio, and received \$83.5 million at inception.”^(p) This will help the company cross over its media presence in the technology markets and improve the business process. The company has also implemented a radical customer focused approach in its operations and product offerings. “In June 2004, aiming to stimulate demand, improve pricing and enhance the experience of its listeners and advertisers, Clear Channel Radio unveiled plans for a "Less Is More" inventory management strategy. Billed to be implemented by mid-December 2004, this strategy entails a company-wide reduction in commercial/promotional clutter by nearly 20% of the entire inventory, with reduced spot breaks and lower average commercial length, as CCU plans to migrate a portion of its traditional 60-second spots to 30 seconds. Local managers would retain wide implementation autonomy in their respective markets.”^(p) Unfortunately, the company is not doing well from the financial perspective. Standard and Poor’s recommendation to sell and their gloomy industry perspective indicate serious financial difficulties ahead for the company. The past five years financial performance of the company has been steadily declining. Stock prices are falling and the company is unable to maintain its equity value despite dividend payouts.

CORPORATE LEVEL STRATEGY ANALYSIS

Clear Channel maintains a strong competitive advantage due to the strangle hold on market share for the radio broadcasting business unit. The company's emphasis on related diversification is the logical and least risky business strategy; taking full advantage of the company management's core competencies in broadcasting. Many competitors will be attempting the same diversification since it is such a natural expansion to the market. The most prominent assumption is that net radio and satellite radio will experience explosive growth and that commercial radio will lose listener bases to these new technologies. With 300% growth in net radio usage since 1997, the market is showing strong evidence that supports this assumption. The company does have the skills and resources to transition into these new markets. The company has been able to orchestrate a strategy change that dramatically altered the product offerings and easily has the capability both operationally and financially to aggressively pursue these new markets. Strong risks are prevalent with both business strategies, but the company must evolve or go the way of the dinosaur. Initial indications are that the "less is more" inventory strategy has created dire financial strain on the company. Stock prices are continuing to fall and cash flow is a roller coaster ride. However, the potential returns on new market ventures in net and satellite radio are sizeable. Competitors are scrambling to stake their market share and Clear Channel wields the most potent capability of securing the largest chunk if it moves swiftly ahead of its competitors. The company has the adaptability to move easily between these related markets and this strategy appears to be the most sound business direction.

SCENARIO ANALYSIS

1. Infinity Broadcasting will quickly meet Clear Channel's strategy of expanding into satellite radio with the same move. Since the parent company of Infinity, Viacom, dominates the subscription based broadcasting industry the company has the potential to be a strong player capable of intense competition in the satellite broadcast segment.
2. Clear Channel boasts one sixth of the world's population as its listeners. With such an expansive reach the company is poised to maintain its listeners by converting them to sister satellite stations. Rather than bloody competition in the existing satellite radio sector, Clear Channel has the brute force to maintain its existing listeners by securing them through satellite radio as well as capitalizing on the brand awareness to capture additional market share through existing satellite listeners
3. Infinity would likely respond in kind with a strong retention / conversion campaign. However, with staggering financial losses, Viacom may be unable to meet the competitive challenge.
4. Assuming quick capture of satellite market as predicted, Infinity may be slow, but would eventually need to meet the call to competition or completely alter their business strategy. This would force the company into market development expenditures that would be a sizeable investment for Viacom and could be potentially rejected. Continued aggressive market acquisition by Clear Channel would increase the competitive divide. Clear Channel would continue to fund market expansion efforts at a capacity beyond what Viacom is able to meet.
5. With continual erosion of market share and mounting losses Viacom would potentially consider dissolving its radio broadcast business unit to focus on its cable broadcast business unit, which is a stronger core competency for the company.

FORECAST ANALYSIS

The future of Clear Channel holds substantial challenges with radio broadcasting facing tremendous new technological changes that are forcing companies to reevaluate existing markets and growth strategies. Clear Channel has stepped up to the technology plate with a five-year secured contract with XM Satellite Radio, which netted the company \$83.5 million at its inception.^(p) With further advances in Net Radio, Clear Channel should heavily investigate viable market segments available through the internet. The company is facing financial difficulty given recent flat market conditions, however, it possesses the equity and brand name necessary to support expansions into these evolving new markets and will need to develop business strategies to do so. If Clear Channel is unwilling or unable to follow the natural technological advances that are creating new market opportunities, smaller, more aggressive competitors will quickly become viable threats to the future of the company.

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